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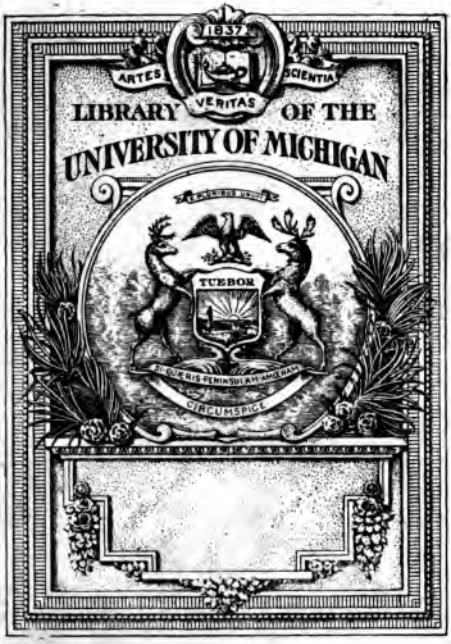
TRADING *with* THE FAR EAST



THE GIFT OF
Irving National Bank

TRADING WITH THE FAR EAST

TRADING WITH THE FAR EAST

HOW TO SELL IN THE ORIENT : POLICIES : METHODS
ADVERTISING : CREDITS : FINANCING
DOCUMENTS : DELIVERIES

A COMPANION VOLUME TO
"TRADING WITH LATIN AMERICA"

IRVING NATIONAL BANK
WOOLWORTH BUILDING NEW YORK

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NEW YORK

INTRODUCTORY WORD

IN A GENERAL survey of commercial relations, we unquestionably shall find our chief heritage from the Great War to be a wider perspective and a more far-reaching vision. The conditions we faced during the past three or four years have been revolutionary, but we have accepted enforced changes with a readiness entirely consistent with the tradition of resourcefulness in American business. Are we as ready to adapt ourselves to changing conditions now when the quality of urgent necessity is removed?

We have become world merchants on a more comprehensive scale than we were before; activities have been enlarged and permanent connections have been established with remote countries. All of this is a result of circumstance rather than choice, and rewards often have been out of proportion to efforts. The readjustment has been too complete to permit of return to pre-war limitations. It is unlikely that we shall ever again be content with home markets.

In conforming to new requirements, the great lessons of the war will have been in vain unless we recognize our duties as well as our privileges. As one of the large creditor nations of the world, we can well afford to temper just demands with a spirit of generosity consistent with the finest ideals of our commercial life. And with a clear vision, born out of the tumult and the upheaval of the bloody struggle that already is a thing of the past, it is almost certain that we shall find the spirit of co-operation, and not competition, to be our surest guide in peace just as it was in war.

With the permanent restoration of peace will come the reopening of world markets to world trade. Our legitimate function will be to supply huge quantities of American products wherever there is a demand for them and to buy freely in return. Its fufilment involves a wide and comprehensive knowledge of conditions in foreign lands, a keen appreciation of new points of view, a just recognition of the traditions, customs and whims of prospective customers.

In choosing between the many opportunities before us, we shall discover that the requirements of the European markets, familiar to us before the war, will be materially different in quantity rather than in kind during the period of reconstruction. But there is another great over-seas market which to us is still largely unknown.

Irving National Bank 6-17-19

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INTRODUCTORY WORD

Trading with the Far East involves problems of great magnitude. Distance, strange customs, different characteristics, unfamiliar points of view, new languages and dialects by the score—these are among the features creating the background against which all commercial activity must be carried on. The general machinery of business and commerce is unusual, often complicated. It is to acquaint the busy manufacturer and merchant with these outstanding conditions and factors in market-making beyond the Pacific that "Trading with the Far East" is issued. Standard sources have been drawn upon freely in the compilation and preparation of the material. In addition, practical suggestions from several prominent exporters have been incorporated, analyzing situations and outlining effective solutions.

The countries and islands included are: Japan, Chosen, Formosa; the Philippine Islands; China, Manchuria, Mongolia, Tibet, Hong Kong; Siberia; French Indo-China; Siam; the Malay Peninsula; India, Burma, Ceylon, Afghanistan and Baluchistan; and the Dutch East Indies, including Java, Sumatra, Celebes, Borneo, New Guinea.

"Trading with the Far East" undertakes to provide an interpretation, for commercial purposes, of present conditions in these countries, with a general analysis of trade opportunities and the possibilities for development of the various resources of the Orient. So far as possible under the extraordinary circumstances created by the war, facts and statistics have been brought up to date.

In short, this volume endeavors to do for the Far East what already has been accomplished for our neighbors to the south in "Trading with Latin America" recently published by the Irving. Together the two books cover fields which offer exceptional markets, perhaps the best, for American trade for years to come.

One unifying idea runs through the highly diversified material of the two volumes—the idea that our foreign trade activity, now accepted as a great and national undertaking, must serve properly the international interests upon which so much of the peace of the world and the happiness of nations depends. With this as a foundation, and with a renewed opportunity to exercise the national power of accomplishment so well illustrated in America's war record, permanent success in international commerce should be assured.

IRVING NATIONAL BANK.

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TRADING WITH THE FAR EAST

"NOW *foreign trade comes along and demands a hearing as a national institution, a national necessity. We must realize that, whatever the cause or causes, we are in foreign trade definitely and without the possibility of getting out of it. We must recognize that the American who is engaged in foreign trade is not a national liability or danger, but a national asset. We must learn to take him seriously and must contribute as freely to the solution of his problems abroad as we do to the solution of our own problems here at home.*"

America's Opportunity in the Far East

IN THE LAST four years America's sales to the Far East have increased four-fold. From a total of $113,425,616 in 1914, our exports to the continent of Asia and its dependent islands advanced to something more than $458,937,775 in 1918. To Japan alone last year we shipped merchandise worth two and a half times as much as all the American goods absorbed by the Orient in 1914.

Good Will in the Orient. Whether or not the manufacturers of the United States retain and increase this large and valuable trade depends on the energy and skill with which they pursue it. Conditions are all in their favor. American prestige and good will beyond the Pacific—our national background in dealing with Far Eastern peoples—are right now at the highest possible point. Not only have they faith in our purposes and standards of conduct; they have also the war-taught impression of huge industrial resources and a national habit of success. American goods and American "chops", as trade-marks and distinctive trade names are generally known in the Orient, have penetrated to every Asian market. Hundreds of new American exporters have established connections which need only to be cultivated to be made permanent.

Credit and Financing. Banking facilities and sources of credit information have been multiplied, thus eliminating two serious drawbacks to profitable trade relations in the past. Moreover, the Federal Reserve act enables American commercial banks to provide credit resources equal to the financing of many billions of dollars of export business. While the leading banks themselves have so developed their machinery for handling these overseas transactions that filling export orders and getting the money for them have become almost as easy and quite as safe as completing the same operations in the United States.

No Lack of Shipping. The Government's shipbuilding program, if carried out even on a curtailed scale, should provide ships enough to meet every reasonable requirement. As this book goes to press, the Shipping Board owns and is operating

steamers having a dead-weight tonnage of 3,582,800 tons. Ships already launched but not yet ready for delivery aggregate half as much additional tonnage, while hulls now under construction will bring the Board's total tonnage up to 8,041,893. Freights on many established routes have already been reduced. With British, Japanese and American steamers all looking for cargoes, exporters to the Far East should find transportation the least of their troubles.

Market Information. Other government activities are likewise encouraging. Late in January the Department of Commerce dispatched several special investigators to the Orient, as well as to Europe and South America, to size up conditions in the principal markets and report on their requirements and opportunities. Such government information, as a rule, is too general to serve as a basis for actual plans. But this particular group of men is unusually capable and their reports should prove valuable as guides to the best fields for intensive study and attention.

Export Combinations. Again the Government's interest in the promotion of foreign trade is indicated by the passage of the Webb-Pomerene law authorizing the formation of export associations by manufacturers of competing products. Such combinations are prohibited, of course, in the domestic field. Abroad, however, American producers are under the necessity of meeting the organized competition of powerful British, French and German combinations which are permitted by the laws of their countries to act in concert in the exploiting of foreign markets.

On More Equal Terms. The Webb-Pomerene act, therefore, does nothing more than put American business men on an equality with those of competing nations in the development of foreign demand for their commodities. Just how effective it will prove has still to be determined. Amendments will probably be necessary before the act attains its intended usefulness. There is little doubt that these amendments will be enacted by the next Congress and American exporters given an "even break" with British, French and Japanese traders. Apart from a few old and strongly intrenched houses, we have so much to learn about selling overseas that the first big effect of the export associations probably will be to develop and standardize the export methods of their members.

Import Trade Vital. Providing of all these export facilities, however, is less vital to the future of our Far Eastern trade than the recent extraordinary increase in the volume and value of our direct imports from the Orient. Our purchases of raw materials, foodstuffs and manufactured wares in 1918 was almost double the amount of what we sold and shipped in return. This credit balance in favor of the Far East supplies a solid financial basis for further trade expansion. And it is the most significant factor in America's present situation as regards the markets of the Far East.

Initiative Not Ours. That circumstances rather than our own enterprise brought about the situation makes no difference; the fact remains. The great advance in our sales was due to the severing of the Orient from its European sources of supply by the German submarine warfare, the Allied blockade, the shortage of shipping and the excessive insurance rates for vessels traversing the war zones. British and French factories, too, were so occupied with war orders that they had little or no time to supply their usual customers "east of Suez", even if the sea-lanes had been safe for traffic. American exporters, on the other hand, had production facilities to spare and dependable though costly transportation. They possessed, therefore, an imperative selling argument in their ability to make deliveries of whatever merchandise they sold.

Trade Currents Turn. The security of the Pacific shipping routes not only turned the Eastward trade currents from the hazardous Mediterranean; it had the more important effect of diverting the tide of Oriental raw materials from customary channels to paths which led directly to American factories. For instance, London was the crude rubber market of the world before the war; American tire makers bought the bulk of their supplies there, although their factories were actually some thousands of miles nearer the East Indian rubber plantations than was London itself.

Seek Primary Markets. But the submarine menace pointed the economy of buying in the primary market of Singapore and shipping direct to the United States. And these direct importations of rubber, with similar transactions in block tin and other raw materials, set up a balance of trade in favor of the sellers which made the great increase in our sales possible.

To Dutch East Indies. Take the growth of our trade with the Dutch East Indies as an illustration. Because of Holland's trying position at the focus of North Sea warfare, the Netherland group in the Pacific was isolated from its established home connections and was therefore dependent on alien markets and sources of supply. Except for this, American exporters and importers had no special trading advantages. What happened, therefore, was typical of the reciprocal give-and-take which rules everywhere in international commerce.

Law of Give and Take. If a manufacturing country like the United States imports the raw materials of a country like Java or Sumatra in increasing quantities, Java and Sumatra are likely in return to buy more and more of their necessities and luxuries in the United States. The imports must be direct, however. If another country is allowed to act as middleman—as the German traders of Hamburg did before the world war—the middleman is certain to control the purchases made by the producer of raw materials. Credit balances and transportation rates help to enforce the principle that men buy, when they can, from their customers.

Amazing Increases. Our direct purchases of Dutch East Indian rubber jumped from $286,437 in 1914 to $2,114,147 in 1915. This was no more than a trial flight, however. In 1916 American manufacturers brought in $11,605,793 worth of crude and more than doubled this volume in 1917, with 45,027,410 pounds valued at $27,239,501. This was only one-seventh of our total rubber importation from all sources; but it was the bulk of the Dutch East Indian harvest.

Buy Sixty-two Millions. Our purchases of block tin, copra (dried cocoanut meat) and cocoanut oil made corresponding increases and reinforced our position as buyers of one-fourth of all the products exported by the Netherlands group. In 1914, we took only $20,996 worth of their block tin; in 1917 no less than $9,909,746 worth. In 1915 we used $36,722 worth of their copra and cocoanut oil in our foods and soaps. In 1917, American substitution of vegetable oils for animal fats added $5,183,103 to our bill in the Dutch East Indies. In all, our purchases in the islands in the same year reached the tidy total of $62,011,236.

Still Room to Expand. These figures are significant because they indicate to what an extent the United States has become a first-hand customer of Holland's Far Eastern colonies. As such it occupies a position of strategic advantage in the development of trade with the islands. As yet, however, we have not exploited this advantage. In 1918 we sold only one dollar's worth of merchandise in return for every four dollars worth of raw materials bought in the Netherland group.

Less than Our Share. This is much less than our share. The general ratio of Dutch East Indian purchases (imports) to sales (exports) is about two dollars to three. In other words, America has been skimming the cream of easy orders and allowing Japanese and English export houses, despite the war-time handicaps which the latter have experienced, to take more than their quota of orders. With British, Dutch and French exporters all free again to make unrestricted sales and deliveries, organized and intelligent effort will be necessary if American manufacturers are to maintain, much less improve, their present standing in the island markets.

Philippines Advance. If another illustration of this law of give-and-take in foreign trade were needed, it could be found in the parallel growth of American sales and purchases in the Philippine Islands. In 1914 we bought from the Filipinos only $18,162,312 worth of hemp, sugar, tobacco and cocoanut products and native wares. Our tariff advantage, however, allowed us to sell in return merchandise valued at $27,304,275—rather more than half the Philippine imports for the year. In 1917 when the war-created demand for hemp, copra, cocoanut oil and sugar gave the island their first great trade impetus, we purchased $62,386,641 worth of these materials and sent back in exchange goods which were invoiced at $38,140,152.

Buy More: Sell More. The high tide of Filipino production last year, with exports amounting to $135,682,536, saw us still absorbing the lion's share of this output of war necessities, $85,935,220, and paying part of the bill with merchandise valued at $52,976,172. This in a total of Filipino imports of $98,599,212 and in a year when high cargo rates and governmental

restrictions on exports put the manufacturers of the United States at a disadvantage. Again the Philippines took rank as our second best customer in Asia, only Japan exceeding her in purchases.

Customer Development. Together, the Philippines and the Dutch East Indies illustrate the reciprocal principle in foreign trade which exporters too often forget. Intensive sales campaigns are of little use in a country where the purchasing power of individuals is low; and individual purchasing power depends broadly on production. If we want the Filipinos and other Oriental folk to be good customers of ours, we must begin by being good customers for what they themselves produce.

Flexible Buying Power. The buying power of the Far East is not a fixed quantity. The parallel advances in the exports and imports of the Philippines and the Dutch East Indies, as already set forth, show that the Far Eastern market is capable of almost unlimited expansion. Here are literally hundreds of millions of human beings—in China alone 400,000,000—whose standards of living are wretchedly low. Yet all about them are almost inexhaustible stores of mineral, agricultural and forest wealth, whose development will not only supply raw materials essential to our industries, but will also provide the work and opportunity on which individual and national buying power are based.

Co-operation Needed. It needs no missionary purpose, no recognition of "the white man's burden," to urge our co-operation in this development. Asia needs capital, machinery and managing ability; she offers tremendous profits in exchange. All of her peoples have felt the stimulus of the war, either through direct participation or through trade demands.

Standards of Living. The Indian and Indo-Chinese soldiers who served in the British and French armies, the hundreds of thousands of Chinese and Annamese laborers who toiled behind the lines of France will carry back to their native villages knowledge of new standards and new comforts as well as tales of wild adventure. Whatever their views of the war as a war, their experience in Europe and on the way has been a swift education in the possibilities of modern transportation, industry and organization—

and the higher wages and better living conditions which accompany them. Going back, then, they are potential advance agents of a new era of development in their own countries.

Half the World Here. China and India are awake. Japan has been up and doing for a long time. Siberia's tomorrow has already dawned and the lesser peoples of the Orient have also advanced a little on the path of progress. More than half the men and women in the world—Asia's population exceeds 800,000,000—are waiting to be taught new values in living and the means by which to attain them. Philanthropy aside, purely as a business venture, the industries and markets of the Far East are worth developing without delay.

National Organization. It is time for Americans to realize, however, that these industries and markets are interdependent, and that they will be developed in general by organized national groups. American exporters and importers, manufacturers and capitalists, then, must get together on the broad platform already suggested—that, other things being equal, foreign as well as domestic buyers prefer to trade with their own customers.

Selfish Factors Rule. When American money finances a new rubber plantation in the Malay Peninsula or opens a tin mine on Billiton, the men behind the project naturally turn to American sources for their machinery and supplies. American producers expect nothing less. But when these same producers come to buy materials of foreign origin they hardly give a thought to the effect which their method of purchase may have on the country's foreign trade. They expect consideration on the score of their Americanism. But only in particular cases, where a special appeal is made to them—and the prices are right—do they go beyond the open market or the selfish factors of price and deliveries.

Pooling of Resources. America's overseas trade can never grow up so long as it is confined to the air-tight compartments in which exporters and importers, manufacturers, commission houses and foreign investors prefer, on the whole, to conduct their individual affairs. From the war, with its pooling of industrial resources and its collective buying, European producers have learned

the value of organized national effort as well as the standardized factory methods and machine-tool production of which we had almost a monopoly before 1914. There are indications already that they will apply both lessons in their exploitation of Oriental markets. To meet them on equal terms, our relatively untrained trade forces must have behind them a similar co-ordination of our buying and selling as well as our producing power.

Everyone Must Help. Such a co-ordination is no easy task. Trade follows investment in foreign government securities and public utilities, as a rule, by virtue of a contract clause specifying where the equipment shall be bought. But the organization of the diverse and self-centered interests which make up the fabric of American business is a more subtle undertaking than the financing of a limited foreign loan. At bed-rock, it is the attitude of the individual manufacturer and exporter which will determine the success or relative failure of any such plan.

Conditions Reassuring. To sum up, then, our present trade situation and our prospects in the Far East are both reassuring. Our goods have penetrated to all the principal markets. Our trade-marks and the qualities for which they stand are familiar to many millions of consumers. Our exporters have established thousands of new connections of great potential value. For the safeguarding and financing of sales, American banks have developed all the machinery that is necessary to put a transaction with a Shanghai or Calcutta house on the same plane of certainty and profit as a sale in Kansas City or Cheyenne. There is no mystery or special hazard in either operation.

Government Backing. The Webb-Pomerene law opens the way for manufacturers in every important line to co-operate in the introduction of their products to Far Eastern consumers and the development of trade on equal terms with European export associations. Ships will not be lacking to carry American goods overseas. Sailings will be frequent; competition will insure reasonable rates, while the Government's recognition of the need of export trade combinations and the improvement of its trade information service indicate that American efforts to sell goods in the Orient will have the co-operation of various government agencies.

Indeed, the promise is fairly definite that government departments and official bodies which have never actively concerned themselves with American commercial interests abroad, will organize at Washington, machinery for gathering, classifying and circulating information of special value to exporters and importers. In the formation of this body the Department of State has taken the initiative. Acting with it are the Departments of Commerce, Treasury, War, Navy, Labor, Agriculture and Post Office, and the War Trade Board, the Shipping Board, Federal Trade Commission, Tariff Commission, Interstate Commerce Commission and the Railroad Administration. If the proposed co-ordinating committee does nothing more than preserve and make accessible to the business men of the country the very valuable trade information locked up in the files of the War Trade Board and the packing, stowage and transport standards worked out by the Shipping Board for its own use during the war emergency, it will more than justify any amount of time and money spent on its establishment.

New View of America. One final element in the present situation is of surpassing advantage. Quite apart from the mental and moral reactions which American participation in the European war has had upon us as individuals and as a people, it would be a mistake to underestimate or ignore the effect which our entrance into the great conflict and the dramatic collapse of the German army has had upon the attitude of all other peoples towards American things and men.

National Background. The importance of national background in foreign trade has already been touched upon. It is doubtful, however, whether we realize how vital is this element of background in business. We like to believe that in all our sales and purchases the only factors which figure importantly are quality and price. But even in our home market, where we can understand each other fully and easily and where business standards vary but slightly in various parts of the country, background has a definite influence much greater than appears at first glance.

Controlling Factor. Abroad, where the difficulties of understanding are great, where standards of business are radically different, and where even mental processes seem to follow

lines incomprehensible to us, background is the element which frequently proves of controlling importance. The Chinaman, the Japanese, the Malay, the East Indian will listen politely to a salesman's talk, will inspect his goods with apparent interest and approval, will give no sign that prices or terms are not most satisfactory, will exhibit a degree of interest and deference which in this country would mean that the sale could be taken for granted; yet all the while he may be no nearer actual buying than if the salesman and his samples were a thousand miles away.

Looks Beyond Order. It is queer and exasperating but that is his way of doing business. To the Chinaman, Indian or Malay, the first purchase of a bill of American goods means not only a purchase, but also the establishing of a business connection, which to him is far more important than the mere buying of goods could possibly be. While the American salesman is extending himself to create the most favorable impression, the other is looking through him and through his professions and arguments and representations and credentials for background, for something that will enable him to measure the value of the connection which is suggested in this particular sale.

American Prestige. And could any background be more splendid than the position we now occupy before the world? We went into the war with clean hands and came out of it in the same condition. Indemnities and territorial annexations and war plunder mean nothing to us. We fought in the interest of right and humanity, and the nations of the world are glad to credit us with just these motives. From now on, to be an American, to represent an American line of goods, to have the American nation back of you, will represent substantial selling value in almost any market of the world.

The Viewpoint of the Orient

CENTURIES HAVE passed since the days when Marco Polo described the wonders of the unknown lands of the Far East. Setting out from Venice, he journeyed across Persia and China to the city of Cambulac (now Peking) and after twenty years returned, with a fortune in his pocket, by sea through the Malacca Straits to Ceylon and India, to Tabriz and Trebizond, and thence back to Venice by way of the Bosphorus. Today these eastern countries still are unexplored to a considerable extent for purposes of international trade. They are scarcely less picturesque than they were six hundred years ago. Their markets and cities and ports are enveloped in the mystery and enchantment of the Orient, and the words, the Far East, have lost nothing of their magic ring.

Unusual Opportunities. The opportunities offering for trade are unparalleled. Here is found a population of more than eight hundred millions, with a diversity of wants and insufficient means of satisfying even the simplest of immediate needs. A few of these countries may maintain preferential trade agreements with the European nations to which they are allied politically. But they are all on friendly terms with the United States, and all of them are eager to become our customers.

Building Good Will. This desire on their part should not be misunderstood. To establish permanent trade relations with the Orient we cannot trust to helter skelter methods and expect success, nor can we secure or maintain good will if the just and proper interests of customers, actual or in prospect, are ignored. We must be prepared to build slowly. We must recognize that the Orient and the Occident are worlds apart, even though this recognition may play havoc with every preconceived notion we have regarding the way commercial transactions should be carried out.

Varied Points of View. In all foreign trade activity certain fundamental principles must be observed. "Trading with Latin America" discussed the big outstanding problems in the Latin American field. They are comparatively simple. Only

two nations are involved—the Spanish and the Portuguese with an Indian element and a dash of negro blood on the Caribbean coast. The distance between their markets and our own is not great. Their interests and their point of view more closely resemble ours than do those of the Orient. The Far East, on the other hand, comprises so many different nations and points of view that by contrast the task of understanding them is little short of stupendous. In the chapters devoted to the separate countries, individual commercial and industrial customs, individual whims and peculiarities, are treated. For the present it will suffice to indicate the essentials that, taken together, may be called the Oriental commercial point of view.

Market Requirements. First, we must give our Far Eastern customers what they want. This rule, always a safe one even when trading among ourselves, in the Far East is of controlling importance. We may philosophize as we will concerning the needs of the Siberian peasant, for instance, but, until he is made conscious of these needs by a slow process of development, he will go his way happy in his belief that "he who is content with little will not be forgotten by God." The Chinaman demands a certain kind of shoes. Whatever their absolute merit, no other shoes are better, according to his way of thinking. And here, more than elsewhere, it is the customer's way of thinking that counts. Illustrations like the above might be repeated by the score.

We must be prepared, then, to furnish millions of customers in the Orient with the goods which they demand. An impregnable wall of custom and tradition arises between us and our desire to tempt these peoples by flaunting the unusual, the novel, the bizarre, before their eyes. Many of them are in a stage of evolution that promises radical changes in their habits of living within a reasonably near future. But until the adjustment is complete, and this is quite another story, any attempt on our part to dictate their market requirements is in vain. Again, the Far Eastern customer brooks no substitution. He wants his favorite brand, his favorite "chop," and nothing else will do. He is disposed to accept the evidence of his eyes and to discount your argument in favor of the "just as good."

Where Price Counts. A second consideration, also a material one, is price. The Oriental earns little and spends little. His conception of price and ours vary in direct pro-

portion to his relative earning capacity and ours. He chooses the inferior goods, not from lack of appreciation of the better quality but often because of necessity or because he is unwilling to exert himself to get it. The Filipino who may happen to be out for the "white-collar job" frequently scorns many of the creature comforts that we are accustomed to associate with it. The Siamese, to choose another illustration, rest in the assurance that Buddha will take good care of them in another world, and that faith atones for many inconveniences in this one. In countries which were affected by the war "boom," a demand for more expensive goods has followed close upon a general rise in the daily wage scale. Old conditions and limitations still prevail in the interior regions.

Mental Processes. Finally, in the Orient we are face to face with a psychology different from our own. Things are not as they seem. The Orientals are unlike us in many of their mental processes. When we say they are different we do not imply that they are better or worse than we, only that in their ordinary mental processes they are apt to begin at a different point from ours, follow a different route and reach a different conclusion.

The time-worn adage, "Human nature is the same the world over," may or may not apply to the Orient. But if we are to be reasonably safe in our relations with these people, we should provide a wide margin for the possibility of radical differences between even their fundamentals and ours. To illustrate: everyone recognizes that politeness is a requisite in our social code; in the Far East, politeness has a commercial as well as a social importance. If we expect brutal Occidental frankness from the courteous Oriental we are doomed to disappointment. With his desire to please, he frequently intrudes upon the prerogatives of fact. In dealing with him, his standards must be considered seriously. Indeed, a proper understanding of his psychology and his point of view is the "open sesame" to our future success in trade.

Policies and Methods in Export Trade

THE FIRST requisite for success in foreign trade is a definite export policy. The mere filling of stray export orders or the shipping of an occasional article overseas cannot be called foreign trade. The manufacturer must recognize from the first that the initial expense of entering the field is heavy. It will be undesirable for him to undertake the work at all, unless he goes into the field with the idea of remaining permanently in it. Two lines are open: he may attempt to create a market for a line of products which he manufactures, adapting them when necessary to the requirements of foreign buyers; or he may manufacture a line of products new to him for sale in markets where a demand for them already exists.

Your Export Policies. Next the merchant must establish a sound merchandising policy. Not only should he be prepared to meet market tastes but he also must determine upon definite trade building rules. This is essential whether he attempts to create a market for his goods or adapt his goods to the market which he finds. For instance, a knowledge of credit conditions in foreign countries is necessary. Most important of all is a comprehensive idea of price. Trading in remote fields involves greater expense, and yet the price of goods must be adapted also to the buying capacity of the country in question.

Choosing a Territory. The usual basis for determining sales possibilities is to find out the total sales of the particular product in question in a selected territory, to discover to what extent a competitor's products sell in the same market. The progressive exporter probably will go still further. He will want to know how great are the extension possibilities of his product in the prospective market. His will be the task, as has been indicated before, of finding new fields and creating new demands, or of developing an already existing demand. In the Far East the American business man must be prepared to study each field separately. No two countries are alike and nowhere are requirements more widely different from those here at home. The success or failure of any venture rests partly on a recognition of this fact.

Two Marketing Plans. Direct and indirect selling are both employed. Indirect selling facilities are provided by commission houses or native establishments acting as agents. Direct sales plans are carried out through correspondence, travelling salesmen, resident American agents, and branch houses maintained at strategic marketing points.

Indirect Sales Methods. In the Far East the American manufacturer or exporter will find that the indirect method has been developed to a very considerable extent. The use of the middleman is a very common practice. It has developed principally because of foreign traders' unfamiliarity with the language and with monetary and other general conditions. Export commission houses have the advantage of being well organized and offering the required machinery with the minimum amount of trouble and expense to the exporter. They are described at length on page 61.

Direct Sales Methods. Direct sales are promoted through correspondence, travelling salesmen, resident American agents, and branch houses. The correspondence method requires the minimum outlay of initial expense, but returns can never be large through this indirect means of reaching a customer who even under the best of circumstances is hard to approach. Here most of all enters the handicap of language, for even though there are some members of every foreign firm who read English the number is comparatively small. The problem of presenting sales arguments properly through correspondence with remote customers also involves many difficulties. The other methods—travelling salesmen, resident American agents, and branch houses—require heavier expenditure. They are especially useful when there is promise of extensive future development of trade. The costly procedure of establishing branch houses, an experiment undertaken by several large American houses, has yielded rich returns in almost every case where it has been given a fair trial.

An Export Department. To select and co-ordinate the various selling agencies which may be used in the Far East and to establish the policies governing them an export manager and an export department are essential. Many houses which have attempted to carry on an overseas business without formulating

policies and organizing its routine have learned by experience that it is a costly matter to make even minor errors when the buyers are five or ten thousand miles and two or three months away. The office, factory and warehouse ends of exporting if properly supervised can be handled without interference with the domestic day's work.

The factor of distance, and the inevitable delays, disputes and the money losses involved in the adjustment of mistakes put a premium on absolute accuracy in carrying out the instructions of the customer. Unusual care is required to insure this; there is always danger that important details may be slighted if they are left entirely to the office and factory employees who receive, record and execute domestic orders. Especially is this true when these employees are antagonistic to foreign business because it multiplies the decisions and regulations which they must remember and thus hampers the smooth flow of domestic orders and deliveries.

How to Make a Start. The best way to avoid such a situation is, in the beginning, to delegate one or more men to look after the handling and shipment of foreign orders and to hold him responsible for exact compliance with the conditions named. The volume of orders is not likely to be large at the start; by lifting them out of the domestic routine and putting them in charge of one man they can be put through the office and factory machinery with the minimum of risk and friction. The first man of a new foreign department should not be chosen at haphazard. He should be your best available candidate for one of the "key men" in the department when the latter assumes size and importance. He may be the man you intend to put in charge of the department later as manager; he may be a likely young salesman who can be developed as an overseas representative; or he may be the order or shipping clerk that you have picked to be "right-hand man" and detail assistant to the experienced export manager whom you expect to find outside the organization. Whoever he is, the first man should be an important member of the permanent export staff; the training he will receive in his contacts with department heads is too valuable to be wasted on any one except a potential salesman or executive.

Your Export Executive. As it develops, a foreign department must be carefully organized. The manager should be given positive authority over all matters relating to foreign

business. Instructions issued by him, after discussion with other department managers, regarding the execution of foreign orders, the labeling, weighing, packing, shipping and billing of products should be imperative. Unless this policy is adhered to, a conflict of authority may arise which will be detrimental to the efficiency of the business. In the early months, at least, the volume of export business, will seem insignificant to executives all along the line, and if given the slightest latitude they are likely to ignore or side-track matters of prime importance in the up-building of overseas trade.

Experience an Asset. If he is brought in from outside, the basic qualification of an export manager is success in the conduct of such a department elsewhere or success in selling goods not unlike yours in the Far East or other foreign parts. Experience in one or the other role is invaluable; at the very least he must be a man with a business viewpoint, broadened by contact with peoples other than our own and considerable concrete knowledge of the countries he will have to serve. That he should know the Far East at firsthand is not absolutely essential. America's export opportunities take in Latin America, Africa, Europe and the Near East as well as the Orient; and an export department at least should have them all under observation. The vital consideration is that the manager should bring a foreign trade viewpoint to the aid of the general management in the shaping of an adequate export policy and program. Ability to plan an export campaign and direct and stimulate the activities of his home force and his overseas salesmen is, of course, an essential part of his equipment.

Where Vision Counts. Apart from these technical qualifications, the broader your manager's knowledge of foreign countries and foreign affairs, the greater his efficiency in anticipating and providing for emergencies. If possible, therefore, he should be a man of vision and discernment, since trading conditions in the Far East are likely to be affected for many years by racial, social and political developments. A man who knows your particular business from the inside only may be at a disadvantage because he lacks breadth of view and perspective; while the man who knows export trade thoroughly should have no difficulty in mastering the details of any specialized industry with which he may become associated as its export manager.

Information at Home. Whatever his experience or whatever the special qualifications required, the man in charge of the home office should be able to furnish general information on all subjects relating to problems involved in foreign trading. This requires a general background of information regarding the social geography and ethnology of the countries, the history of their governments in its bearing on the commerce of nations, something of physical geography, financial international relations, foreign trade practices and general principles of commercial law. An acquaintance with the export manager of one of the great houses which has succeeded in the foreign field will show how nearly the above requirements have been approximated by those of our American houses which have been most successful in entering and establishing themselves in the markets of the world.

Foreign Trade Policy. Any export policy, of course, must look to the purposes and standards of the house no less than to conditions overseas. For this reason frequent conferences between the export manager and the general manager are desirable—in fact the task of adjustment must be a matter of conferences which will include nearly all the office and factory executives. The general export policy, indeed, should be a subject for constant discussion and exchange of opinion. The results of the world war have opened new vistas in commercial as well as diplomatic relations between peoples, and the countries and concerns which are pioneers in exploring and solving the new problems are certain to take the lead in international trade.

How to Sell Goods in the Orient

INTENSIVE sales methods of the familiar Yankee type have created markets in the Far East for American products as diverse as kerosene and chewing gum. Despite the influence of racial conservatism and a generally low standard of living, the Chinese, the Japanese and the East Indian have yielded to the logic of carefully planned promotion campaigns. Advertising, demonstration and personal salesmanship have added one after another necessity or luxury to the limited list of the Orient's purchases.

Promotion Campaigns. Such intensive campaigns cost money—too much money unless the demand created is of a continuing character and part of the heavy initial expense can be distributed over several successive seasons. To introduce a well-known chewing gum in China and Japan cost something like a quarter million of dollars and required the services of a specialist who knew circus methods of sales promotion and had studied Oriental psychology at close quarters. For the manufacturer or merchant who wants to make a less spectacular entry into the Far East, there are several time-tried selling agencies which alone or in combination will enable him to make a thorough try-out of his products without exceeding a modest appropriation for sales and promotion expense or assuming risks of losses on sales actually completed.

Export Combinations. As many as seven of these selling agencies were in common use before the war; the return of normal conditions in world trade should see most of them restored to activity. In addition, the enactment of the Webb-Pomerene law permitting export combinations of manufacturers or distributors in identical or kindred lines provides still another agency which should be particularly effective in the investigation and development of unexploited markets in the Orient. If intelligent effort and a quarter of a million dollars can create a demand for an article so far from necessity's beaten track as chewing gum, what can stand in the way of similar campaigns to introduce likely products if these campaigns are financed by groups of leading manufacturers and directed by their accumulated sales experience? Formation of Webb

law combinations lagged during 1918; with the recent revival of commercial export business, many strong associations are being organized.

Seven Selling Agencies. For the company or firm which prefers to approach the Far Eastern market on its own account, the seven selling agencies which may be employed are as follows: (1) Travelling salesmen who are personal and exclusive representatives; (2) combination travelling salesmen representing several houses in allied lines; (3) resident general agents for entire countries like Japan, China or India or for the entire Orient; (4) resident local importers who may be either wholesalers or retailers—or both—according to the nature of their stocks; (5) export houses which buy and distribute abroad merchandise for their own account; (6) export agents or commission houses which represent several manufacturers; and (7) foreign merchants at shipping centers like London, Paris or Amsterdam which import such American goods as their customers demand or will absorb, and re-export them to their Far Eastern connections. For specialties and patented appliances of various sorts, still another channel of distribution has been developed in some markets through mail orders, with parcel post delivery. The limited range of our present parcel post conventions in the Orient, however, makes this method applicable to consumer sales or to trial orders rather than the regular supplying of trade.

Exclusive Salesmen. Establishment of direct contact with the customer is so characteristic of American sales methods that when business men look beyond the seas, they think first of a travelling salesman as the only way in which they can be properly represented. There is no question that the exclusive representative is the most effective selling agency when the volume and the value of the potential business are great enough to warrant his employment and when the salesman himself is the right man for the job. It is a mistake, however, to put all your Far Eastern eggs in the salesman's basket, and ignore what may prove to be other and more profitable means of distribution.

Balanced Sales Plans. A comprehensive and balanced selling plan should take into consideration the conditions peculiar to each country or each local market center; that combination of agencies should be adopted which will distribute the

greatest volume of goods at the most favorable prices and with the least amount of risk and friction. If possible, the man chosen to represent the house in the Orient should have the sort of experience and judgment which will enable him to size up each country or city he visits and determine without prejudice what is the most effective plan of distribution. It is necessary to have an export policy and it is wise to avoid complexity of methods for the sake of the home organization. But that policy must be flexible enough to adapt itself to the national characteristics or commercial customs of each country, if the line of least resistance is to be found and followed.

Far East Not a Unit. The Far East is not one huge market which can be treated as a unit. Temperamentally and economically, the Chinese, the Filipino, the Javanese and the natives of British India are different peoples; to adopt a standard policy for approaching all these groups means a serious sacrifice of sales advantage to home office routine. The right sort of travelling representative should be able to note the vital differences; and his recommendations should be adopted and observed. This does not mean that the manager of the export department should not have full authority in determining policies and methods. He should; but the experienced export manager and the capable traveller will rarely clash on any important point. If the manager does not know the Orient at firsthand, he will be broad enough to realize that his Far Eastern representative should either be trusted or replaced. If he is familiar with Asian markets, his own judgment and those of his overseas lieutenants will usually coincide.

Combination Salesmen. Because of the relatively small volume of sales, the expense of maintaining an exclusive travelling representative in the Orient will be prohibitive for producers in many lines. To such the combination travelling salesman offers a means of providing for the direct representation which is essential at least in the introductory stages of a selling campaign. The success of the plan depends as much on the choice of the associated producers as on the ability, energy and character of the man who represents them. The associates, of course, should be in non-competing yet kindred fields. If possible the various products should be salable to the same class of distributors, in order to conserve the salesman's time in making appointments and booking orders.

Dissipation of Energy. If the traveller must sell one of his lines to a machinery importer or user, another to an importer of agricultural implements and still other items to dry goods or drug houses, he will dissipate so much time and effort securing interviews with prospects that he must either fail or neglect the more difficult of his lines. There are many successful combination salesmen who make regular yearly tours of the Far Eastern markets and serve their principals in most satisfactory fashion. But they are all men who have regular customers in each city they visit and no reasonable inducement would prevail on them to add to their lines products which would have to be sold to entirely new groups of distributors.

Some Real Advantages. If the combination salesman is adequate to your program, the advantages of employing him are obvious. By sharing expenses it is possible to cut travelling and living costs to the point where the remuneration to the man himself can be put at a figure which will command the highest grade of competence and efficiency. The saving in the salesman's time is great; between steamers, at many ports, it is possible for him to sell six or eight lines of products in the time an exclusive representative might spend in sight-seeing or social activities. As already indicated the combination salesman will frequently place many of his lines with each customer he calls on. A second advantage enters here because the buyer frequently is able to make up a combination shipment and thus secure advantageous rates. Individual shipments to several importers in the same place might absorb all the profit in the sales.

Makes Trade Possible. The important thing, however, is that the combination salesman makes Far Eastern trade possible to many American manufacturers who might hesitate to "go it alone." It must be recognized at the start, however, that a joint salesman cannot be hampered by conflicting instructions from his associated clients or employers. One of the group must take over the task of co-ordinating and reconciling the various interests and preparing a plan which shall give to each member his rightful share of the salesman's time and efforts. If this proves too difficult, it signifies that the group has not been properly constituted. The remedy is the withdrawal of the member or members whose interests cannot be reconciled to the general plan and the formation of another group on the basis of interest, perhaps, in the same class of customers.

The question of expense should be settled in advance and a pro rated division agreed upon to prevent later misunderstanding. Because a combination man will do his best under the same sort of guidance and sales assistance as the exclusive representative, one of the associated firms should assume direction of the salesman's movements and actions—serving also as a clearing house for all instructions and communications from members. Otherwise the representative overseas might find correspondence with his employers about local conditions affecting their individual products and other selling and advertising problems a burden too heavy to be borne.

Annual Selling Trips. The purpose of both exclusive and combination salesmen is the same—to establish connections in all the principal ports and cities of the Orient and then to make at least annual rounds of all their customers to show new goods, to cultivate closer relations and to adjust any differences which may have arisen since their last visits. Many travellers find it advisable to break up their sales routes into circuits—including, for example, the ports on or adjacent to the Yellow and South China Seas—and to swing around this circuit a second time before going on to the next zone. Where this is done the Far Eastern trip and the return journey will leave the traveller no more than enough time in the United States each year to see all his employers, gather his samples together, go over his prices and instructions and make ready for another voyage.

Partner vs. Salesman. There are hundreds of American manufacturers, however, whose products have been so standardized that an annual salesman's trip is not necessary either to keep customers in touch with new items and policies or to combat the arguments of rival salesmen. The main purpose, in such cases, is to establish solid Far Eastern connections first, depending afterwards on correspondence and occasional visits of partners or officials to keep the connection alive and profitable. In many industries this is the most economical course, in some lines the most effective. Not only does the official's prestige command consideration from the men on whom he wishes to call; the fact that his house is taking Far Eastern business seriously is attested by his presence there, and Far Eastern importers like to be taken seriously. In addition, his knowledge of the business and his authority to make decisions without reference to the home office give him a great advantage in negotiating.

Establish Agencies. Such an official may find it sufficient to select and make contracts with responsible importers at six or seven ports like Hong Kong, Nagasaki, Manila, Batavia, Singapore and Calcutta, depending on these general agents to effect distribution of his goods at lesser ports along the way. Or he may carry his trade survey to the principal port of every country and district and establish a connection with an importing house at each place. His function here differs from the salesman's only in purpose. The latter's objective in each city is the largest house of good standing and the largest order which that house will give him. The partner, on the other hand, is looking for that importer, large or small, into whose lines his own products will fit without competition or submergence, and who can be depended upon for re-orders without the necessary intervention of a salesman.

Adjusting of Policies. The policies of the average American house, too, need adjustment to Far Eastern conditions at so many points that an official's judgment and authority are peculiarly advantageous in working out the details of representation; the salesman, by training and practice, is more or less opposed to any arrangement which eliminates him from the selling scheme. As already suggested, the general agent at trade centers is nearly always an importing house which has its own salesmen out on well-defined routes; while the local agent may be either a wholesaler or a retailer with a particularly responsive clientele.

Using Export Houses. As a group these first four selling agencies have the common advantage of allowing the producer to maintain direct relations with the overseas distributors or consumers of his goods. There is another group of considerable importance which eliminates these direct contacts, but at the same time frequently offers him an immediate foreign outlet for his products and takes over the responsibilities of credits, shipping and financing, correspondence and all the exporting details which bulk so large to the manufacturer without experience of foreign business.

Buy and Sell Abroad. American export houses are merchants on their own account, buying their goods from whatever sources supply that balance of quality, utility and price which their overseas customers demand. To the latter they stand

in the same relation as the large domestic wholesale house stands to its retail customers. They are willing and eager to add any new product to their price list for which a demand has been created in the Far East. To the thing which merely duplicates in another form something which they already have in stock, they are indifferent unless there is a price advantage or extra utility is apparent.

Aggressive Merchants. These export houses are keen merchants; they know their markets and they are on the lookout always for merchandise which is likely for any reason to be more attractive to their customers. Dealing with them, the producer's export problems are reduced to their lowest terms; and the transaction is as simple usually as the filling and shipping of a domestic order. The draw-back, however, is that their interest in a new product is gauged largely by the foreign demand for it or the prospect of such a demand. The vital selling function, therefore, remains with the producer. And the producer has no direct contact with the customer unless he takes on this selling function and continues to exercise it by means of general or direct advertising. If he has his own salesmen overseas the export house orders, of course, are analogous to orders received through jobbers in the domestic field. To attempt to book these orders direct would antagonize the export house and perhaps lose the business altogether.

Export Commission House. The export commission house, on the other hand, is organized to act as the manufacturers' selling agent in the Far East and elsewhere abroad. Compared with export merchants they are specialists in that they usually limit the lines they represent to those which appeal to the same class of buyers abroad. This is a very elastic limit, however, in the Far East and the part which commission houses play in our foreign trade is so notable that a brief chapter elsewhere is given to explaining their functions and methods. (See page 61.)

Sometimes it is hard to draw the line between the export commission house and the export agent. The latter usually concentrates on a smaller number of specialties or specialty lines which require intensive selling methods. Both the commission house and the export agent work in close co-operation with the manufacturer, their remuneration depending on the volume and the satisfactory character of the sales. One other figure of possible utility in the producer's

export program is the export broker whose business it is to match the offerings of American manufacturing or merchandising concerns against the wants of importers in the Orient who maintain branches or buyers in New York or San Francisco.

Foreign Export Houses. Remains the final outlet presented by the foreign export house at London, Paris or Amsterdam which fills out its lines with such American commodities or appliances as are in demand by its Far Eastern customers. Before the war this business attained considerable proportions. It is too early, as this book goes to press, to hazard a guess as to how far it will be restored. Direct exports from the United States may continue to supply the Far East, or European manufacturers, driven by necessity, may be able to provide substitutes for the American products. Before the war, German houses at the free port of Hamburg exploited this re-export trade in characteristic fashion by replacing all marks of American origin with their own marks. The overseas buyer was thus kept in ignorance of the source and prevented from turning to the original producers for his next supply.

Co-ordinate Agencies. Here, then, are the commoner selling agencies which may be employed alone or in combination, in Far Eastern trade. From the export merchant or commission house up, they may represent successive steps in the development of an export business or they may be the various units which a well-organized export department uses simultaneously to secure the widest practicable distribution in the Orient. To co-ordinate their fields and functions and to prevent conflict and ensuing difficulties requires a fairly accurate knowledge of overseas conditions and no small degree of managing ability. It follows, therefore, that the house which proposes to embark seriously on export trade with the Orient alone or with South America and other continents as well, must organize its efforts and center authority and responsibility in a competent manager and an adequate staff.

Advertising in the Far East

ADVERTISING has a peculiarly important part to play in the introduction of American goods in the Far East. Because of the language handicap—and no less serious obstacles of differing viewpoints and modes of thought—the process of selling beyond the Pacific is likely to prove slow and difficult if dependence is put upon personal salesmanship alone. But advertising provides a short cut in demand-creation by multiplying the salesman's spoken word ten thousand or a million times. There are imperative reasons, therefore, for employing it in the Orient, where American salesmen able to speak the vernacular are few in number and selling opportunities must be grasped now or surrendered to the producers of other countries better prepared to exploit them.

American Advantages. American advertising men have demonstrated resource and ingenuity in many fields but the problem of educating eight hundred million prospects in the Orient will be slow in the solving even when it is taken seriously. Certain tendencies and standards in American advertising, however, suggest its easy adaptation to the Far Eastern field. In the widespread use of illustrations which tell the selling story simply and convincingly, advertising in the United States is far in advance of Europe. In beauty of design before the war the French and Germans frequently surpassed us. But in showing how the product is used and in building up the impression of utility, service and satisfaction in use, American advertising illustrations have long been without rival. Since pictures are a language understood everywhere, this faculty of dramatizing the selling story in black and white or color gives American producers a selling force which can be applied to immediate advantage in the Orient.

The Prospect's Angle. It would be stupid, of course, to plaster an Indian or Javanese town with posters designed to sell goods in Cleveland and Cayuga, or to illustrate Japanese newspaper advertisements with the same cuts used in a New England campaign—unless both posters and cuts presented the product alone without background or selling talk. But the original idea

of suggesting by pictures how pleasant and serviceable the product has proved itself in the experience of others can be adapted to market-making in Manila, Vladivostok or Singapore. The viewpoint of the American advertiser, too, and his habit of analyzing his product from the angle of the customer and presenting it as the answer to a recognized want or desire, can be transferred bodily to a Far Eastern campaign. But the analysis must be real and the appeal must be based on an actual, not an imagined need.

Promotion Campaigns. Again, American methods of backing up formal advertising and selling efforts with intensive campaigns, including demonstrations of the product, moving pictures and even "medicine-man" shows, may lend themselves to the work of demand-creation in the Orient. In an earlier chapter, allusion was made to a recent successful campaign to introduce a popular brand of chewing gum in China and Japan. In this instance, newspaper and magazine advertising bore the minor share of the selling burden. In the main, the appeal was carried direct to the consumer by means of posters, canvassers, sample crews and lecturers with street shows such as spread the fame of Indian remedies in every village of the Middle West twenty years ago. Everywhere the trademark was featured to forestall inevitable imitations and small trademark signs were provided to indicate shops where the gum was sold.

Caution in Purchasing. Despite his reputation for conservatism, the Japanese, Chinese or East Indian seems to make definite responses to American promotion efforts when the product satisfies a want and the appeal is intelligently made. But any sales plan must take into account the extremely low buying power of the mass of the people all over Asia. The Chinaman's insistence on his favorite "chop", whether he is buying cotton cloth or tobacco, is based partly on his inability to "take a chance" on an untried product which may turn out badly. He has so much money to apply to a certain purpose; for that amount he knows that he can buy a certain measure of pleasure or protection from the elements in some familiar article. He cannot afford to experiment; he is slow, therefore, to accept the novel or the unknown.

Fit the product to his needs, however, demonstrate its value to him, and he is likely to add the new "chop" to his list of buying commandments. Thus a great American oil company widened the

market for its kerosene by providing and selling at cost, hundreds of thousands of baby lamps whose tiny flame was not too great a tax on the Chinese coolie's pay. And an element in the chewing gum success was the readiness with which packages could be broken and single sticks cut up into fractions by the retailer.

Advertising Purposes. As with domestic publicity, the main purpose of foreign advertising is to create a demand for the goods. While the primary objective is to stimulate inquiries or actual orders, the secondary objective—that of keeping the advertiser's name before the public—must not be lost sight of. While advertising prepares the way for the salesman by introducing a product or brand and opening the way for him to enter and sell goods, its real mission is accomplished only with a complete and permanent establishing of the trade-mark or brand in the market. This alone spells ultimate success in the Far East. An established "chop," or trade-mark, is an invaluable asset. Any attempt to change its name is extremely unwise. Even if the buying public cannot read an English label, or mark, deception is readily discovered, and substitution is difficult. A long time is required to introduce some articles. Germany was quick to recognize this before the war and frequently resorted to selling at auction at a loss in order to establish a mark.

Three Buying Groups. In any market study of the Far East, either as a whole or as individual countries, it early becomes evident that three sharply defined classes of buyers exist in every state and community. First comes the foreign colony—officials, merchants, bankers, engineers and professional men of European or American origin. Next the native governing class, aristocrats, officials, landed proprietors, rich bankers, merchants and producers. And finally the great mass of the common people ranging down from civil employees, retail merchants and skilled craftsmen to the coolies and ryots whose labor in many places is cheaper than horse power.

Class Lines Merge. In their buying the three groups overlap at the margins. The rich native may have an extravagant motor car while the manager of the English branch bank may be content with Detroit's cheapest. Both may share possession of a popular phonograph with a music-mad native silversmith. But even when an American manufacturer has prospects in

all these groups, he will find that his most effective advertising approach is not through the same mediums voicing a common appeal. Except, perhaps, in the case of outdoor advertising and moving picture films, which are within the ken and comprehension of all.

The Export Journal. In approaching the foreign colony, most of whose members speak or understand English, an exporter has at his disposal nearly all the methods he would use in domestic business. Among mediums the export journal ranks first, because of its wide and select circulation, its accessibility and the service which it offers in preparing advertising campaigns. As a rule the export journal reaches the more important buyers wherever it circulates. Compared with Far Eastern newspapers, whose appeal frequently is local, it is a less expensive medium to use and brings relatively greater returns. As an initial unit in an advertising campaign, it certainly cannot be overlooked.

Overseas Newspapers. Second in the list comes the overseas newspaper printed in English, its importance depending on its prestige and the extent of its circulation. Some of these journals have wide influence, and because they are spokesmen of the foreign colonies any advertisements which they print are likely to command attention. Advertising in strictly local newspapers should be undertaken, however, only upon the advice of some advertising agency specializing in Far Eastern publicity and therefore familiar with their standing and value as mediums. Incidentally, the advertiser will discover that the publishers of newspapers in the vernacular are generally averse to selling their space except for cash or on the order of some advertising agency with which they have been dealing. To secure minimum rates, good position and to insure insertion, it is well to place all advertising through established agencies.

Direct Advertising. Direct advertising offers another and important means of reaching English-speaking prospects in all parts of the Far East. Circulars and catalogues which have been effective in the United States can easily be adapted for use in the Orient. The language handicap does not exist and the problem of correspondence is only a little more serious than with prospects in Arizona or Saskatchewan. Not a few American distributors, indeed, have found the English-speaking residents in the Far East very re-

sponsive to direct selling effort directed at their individual needs. When they are large-scale buyers for resale or for use in the establishments which they control the task of persuading them is more difficult. In preparing the way, however, for the visit of the salesman, direct advertising and personal letters can be of great value.

Native Newspapers. Looking beyond the foreign residents at trade centers and the scattered Americans and Englishmen at ports of call, the problem of advertising is complicated by the necessity of using an alien language. To determine the value of newspapers in the vernacular requires a special knowledge not only of the size and character of their circulation and commercial conditions in general, but also an acquaintance with the political and social conditions in the various countries. Direct advertising, for the same reason, demands the attention of a specialist. It is quite true that a certain quota of orders may be secured from almost any country in the Far East by means of direct advertising. Particularly is this true for articles of personal utility or convenience. But this haphazard gleaning from many fields should be taken as no more than a measure of the harvest which might be reaped by intelligent and systematic effort to cover each country as a unit.

Largest Buying Class. For the manufacturer whose products are such that he must appeal to the third and largest buying class in the Orient—the common people—the mediums at disposal are relatively few. The percentage of illiteracy outside of Japan is very high; yet the circulation of native newspapers is not indicated by the actual number of copies issued. Chinese, Japanese and Indian newspapers are all sold and resold, as long as they will hold together, reaching their final owners and readers several days or even weeks after their publication. Advertisements as well as news and editorial comment are read and discussed at length. Even the coolie who hardly knows one Chinese or Japanese character from another gets an echo of the information which his more literate neighbors have gleaned from their second-hand news sheets.

The Picture Appeal. In appealing to this third buying class, as well as to the more fortunate upper classes, outdoor advertising has been successfully used. Posters and painted signs and electric displays, if well designed, are quite effective. In

Japan especially, fire signs are in great favor; and many streets in Oriental ports are almost as gaily illuminated at night as are those of our lesser American cities. Supplementing this outdoor advertising, moving pictures offer a medium of considerable value wherever they have been introduced. Novelties and samples, unless they are distributed direct by sampling crews, have the disadvantage of not reaching prospects under the right auspices. Instead of distributing them free, the native merchant often sells them at an exorbitant price.

Peril in Exaggeration. In the preparation of copy the advertiser should tell the plain unvarnished truth. Exaggerations will work to his ultimate harm. The Far Eastern customer demands that the goods he buys must be exactly as they have been represented. Once his confidence is lost, it can be regained only with great difficulty, if at all. Copy should be translated by some one familiar with the language and its idioms. Ignorance of the finer shades of meanings of words and phrases may lead to a reproduction which will shock its readers or say more than is intended.

Functions of Catalogues in Export Trade

IN ANY EXTENSIVE sales campaign in the Far East, the catalogue can be made an important factor. For a house with a lone line of products or several lines which are distributed to mercantile houses for resale or shipped direct to large users, the catalogue is even more of a necessity than in the United States where salesmen make frequent calls and communication by mail or wire is swift and easy. As a means of securing re-orders, after a connection is solidly established, the catalogue is a prime essential in Far Eastern trade. Even when it is sent out at random to be filed at United States consulates, it frequently makes contacts which can be developed into worthwhile accounts. So long, too, as its descriptions remain in English, the cost of preparing it is by no means excessive.

What is the Purpose? This applies, of course, only to the catalogue issued for the trade; and in a lesser degree to export editions of mail-order catalogues. If your appeal is to native consumers or merchants, and not to importing houses, the problem of adapting, translating and distributing the catalogue must be solved. To many native buyers, a page full of technical terms or

mail-order English merely confuses the impression which he might get from the illustration and price alone. Translation into the vernacular or circulation among English-speaking prospects, are the only profitable alternatives. The task of translating is highly technical and is fully as important as that of translating the general advertising.

Have It Illustrated. Illustrated catalogues make a forceful appeal in every market, but especially in the Far East where the needs of the people and their development are more primitive. To many of them a description of an article which they have never seen, no matter how clear the description may be, would scarcely be sufficient to furnish the customer with a strong motive or desire to buy. If the illustrations are clear, attractive and artistic they greatly enhance the value of the catalogue. They must be simple, however, eliminating as many details as possible in order to emphasize the article or the actual selling message.

Facts and Figures. Descriptions must be accurate. As in advertising misleading statements are worse than useless. It is safe to assume that the prospective customer knows nothing whatever about the article listed. If his interest is stimulated to any degree, he will want to know the exact size of the object in question, its weight, color, shape, finish, or whatever other qualities it may possess. These details should be covered in the way most likely to appeal to his particular power of understanding.

Subject to Wear. Tropical climates often affect seriously the binding of books and catalogues, and special precaution in this respect is necessary for the printed matter that is shipped to the Far East. A further consideration to be borne in mind is that in these remote fields, as compared with the United States, the catalogue often is taken more seriously and is subject to harder wear. The cost of preparing special editions is great, but the returns often warrant any unusual care that may be expended on giving them a more permanent form than is usual in this country.

Mark Date of Issue. It is well to stamp all catalogues with the date of issue before mailing them. This precaution will eliminate misunderstanding in cases where terms and prices of articles are changed at comparatively short notice.

Waste in Distribution. The most effective way to distribute catalogues of course is through salesmen or through branch houses. Indiscriminate distribution should be discouraged at all times, since, in nine cases out of ten, the handicap of language results in their falling into the hands of some one who neither understands nor pays any attention to them. The various consulates should be supplied generously with all descriptive sales literature. It has become a well established practice among consuls to keep catalogues on file in their offices, to render them easily accessible to anyone who may wish to refer to them.

Promoting Sales by Correspondence

IN EVERY letter intended for the Orient, the two indispensable qualities are courtesy and clearness. The business letter plays a most important part in commercial intercourse when the market is remote. The aim naturally is to create a desire on the part of the recipient to become a customer of the seller. A letter to a customer in remote countries naturally must make a different kind of appeal than one addressed to a merchant at home. To a considerable extent, a letter to a foreign customer or prospect should possess a personality which will add something to the cold business details treated.

When to Use English. In large foreign houses there usually is someone who can read and write English. When a letter written in a foreign language arrives in the home office it perhaps may be assumed that the firm sending it is a comparatively small one, but even at that it is an unwise policy to ignore the inquiry. In replying to the letters of large and well established houses it is better to send a clear and concise letter in English than to attempt to write in a foreign language not entirely familiar.

Detail Information. A letter to a foreign customer should be given the most careful attention. It is usually longer since obvious physical conditions require that each letter should cover the entire situation at hand. The preliminary letter should enable customers to order without further correspondence; it should give, therefore, all the essentials of price, discount, terms and so on. Unless this information is given in full, inquiries are necessary; by the time these are answered it often happens that the interest

aroused by the original letter is gone. Another reason for greater length is that the foreign letter requires formal treatment of details. General forcefulness and interest need not be sacrificed.

Sign Every Letter. The practice of sending letters with no written signature but only the typewritten name of the firm should be discouraged. In general, foreign merchants interpret the omission of a written signature as a lack of interest in their inquiry, and even as an act of discourtesy.

Full Time for Replies. Sufficient time should be allowed for an answer to a foreign letter. On page 138 appears a table showing the time from New York to the important centers of the Far East by normal or fastest mail routes. An equal length of time should be given for a reply. In all instances allowance should be made for delays and for the fact that the Oriental reaches business conclusions more deliberately than does the American business man.

Date Incoming Mail. Incoming mail should be stamped with date of receipt. Envelopes should be retained, as it often happens that the letter itself does not give the name of the country or the correct address of the writer.

Send a Duplicate. It is customary to send a duplicate letter by a later mail or by a steamer other than the one carrying the original letter. Unless carried to an extreme—such as forwarding duplicates of circulars and general sales letters—this practice should be adopted as standard.

The Five-Cent Rate. The foreign postage letter rate is 5c. for the first ounce and 3c. for each additional ounce or fraction thereof. The domestic rate (3c. an ounce or fraction thereof) applies in the Far East only to matter for the Philippine Islands and Shanghai. For return postage, reply coupons can be obtained at any post office. Sending foreign letters with insufficient postage involves a fine of double the amount due on the part of the recipient. By using envelopes of a different color or shape for foreign countries, this difficulty can be avoided. The post office exercises such care in routing letters that no advantage is secured by indicating routes. At present the postal authorities have the latest routing information.

Finding, Training and Aiding Salesmen

"EAST OF Suez," so much depends upon proper representation that any firm sending a salesman into this field should recognize the imperative need of choosing a good man for the purpose. He should have passports to the best mercantile society, and should be a well-bred gentleman in all his relations, business or social. The successful representative is more than courteous—he is a diplomat as well as a psychologist. He should know his line forward and backward and represent the last word concerning its merits. Additional qualifications, such as good selling ability and readiness to master the essentials of a foreign commercial language, rank next in value.

Special Characteristics. Adaptability and versatility are prime requisites at all times. The successful American salesman will neither disregard the characteristics peculiar to the foreigner, nor will he attempt to submerge his own personality and trust to imitation of others. He should never forget that he is a representative of his country (and he is judged as such) as well as a representative of the particular firm with which he is allied. The true American of good breeding and proper instinct has an individuality as distinct as that of the Englishman, the Frenchman or the Japanese. He is recognized and respected everywhere in the Orient. His energy and activity, frankness, resourcefulness, ability to act and decide quickly, poise, power to conduct business on a large scale—all these are qualities highly admired in Far Eastern countries. These qualities distinguish the personality of an American fully as much as differing temperaments and characteristics set apart the business man of China, Japan and India. This being the case, it would appear that our national characteristics can be capitalized for selling purposes abroad as effectively as those of other nations.

Where to Find Him. "Pick the salesman of broad efficiency in the domestic field and teach him" is a rule which has been followed with excellent results by many of our best firms operating abroad. Good salesmen sometimes are secured through large commercial organizations that are in close touch with men desiring to represent American manufacturers abroad. A special

department in "Commerce Reports," published by the Bureau of Foreign and Domestic Commerce, contains information upon this point. Advertising in large American dailies, especially those of New York, in trade papers, in export journals, or in the numerous magazines devoted to the Far Eastern territory frequently yields fruitful returns.

How to Train Him. Many firms begin the training of salesmen early in their careers. Some require two years of college or often a complete course. More and more American exporters are trying to make their men think of the position in the foreign field as a permanent one. They emphasize moral as well as mental qualifications and fitness. This interest in the salesman abroad represents more or less of a new trend in American business life. There has been a tendency to appreciate American salesmanship in the United States to the full, but to show a complete lack of sympathy with the men who go into remote fields. The big difficulty has been with the situation at home and not with the men who have been sent out as representatives.

The Salesman's Needs. Properly to represent a substantial house in the Far East, a salesman needs certain material equipment as well as all the active aid the home office can give him in the way of introducing him to customers and prospects and recalling the merits of the goods he will submit to them. These concrete requirements are: (1) money in sufficient quantity to pay all expenses and provide a wide measure of financial safety, either in the form of a circular letter of credit, banker's money orders or exchange; (2) lists of customers and prospects, with all available data about the best men to see in each case; (3) price lists, order blanks, customer report blanks, catalogues, advertising matter and full information about sizes, shipping weights, discounts, terms and so on; (4) a cable code covering every item in the salesman's line; (5) travel routes and schedules carefully worked out; (6) expense book in which to render a weekly or monthly account, as desired.

Travelling Expenses. The expenses of travelling vary so greatly in different countries and depend so largely upon the temperament and inclination of the representative himself that only a general estimate can be given. A low estimate would place the figure at about $10 per day. Such items as the following must

be borne in mind: transportation, port charges, hotel rates, custom house charges, and miscellaneous expenses, such as fees and tips, miscellaneous entertainment and the like.

Territories and Routes. General suggestions on routing salesmen are indicated in another chapter (see page 41). No hard and fast lines can be drawn. The routing of salesmen should be flexible enough to admit of necessary changes which can be left to the discretion of the trustworthy representative. Salesmen should be instructed, as a general rule, to exhaust the possibilities of one field before undertaking a new one. Occasionally climatic and other conditions will make this undesirable.

Social Obligations. The American representative should be thoroughly at home at clubs and dinners, as some of the most important contacts with foreigners are established through social connections. For this purpose he will require a general knowledge of the country and at least a passing familiarity with the names of its great men in commerce, history, literature, and art. Especially in China and Japan, art in its broadest sense plays a more important part in daily life than it does in this country. There, too, a sound commercial education involves something far more comprehensive than a mere knowledge of facts and figures.

For Permanent Trade. The salesman must bear in mind that the placing of his first order is only a preliminary step in the long routine of selling and maintaining good will. He should build for the future as well as for the present. In the Far East the commercial visitors are taken wholly on their word. The deadly power which the Oriental has of sizing up Occidentals he uses to his utmost, as well as his ability to sense the rightness and wrongness of a proposition. He is clever but not tricky, and the wizard talk of the American salesman, which usually goes far here at home, means but little to him. His judgment of foreigners comes not through talking, but through sitting back quietly and listening, and more particularly watching. Prejudices that may be aroused are overcome with difficulty. Hence it is most essential that the commercial representative should know his business, should keep his promises and never agree to anything without proper authority.

How to Approach the Far East

FOR EITHER travel or the shipping of merchandise, two main routes to the Far East are open to American manufacturers—the direct route across the Pacific Ocean or the more circuitous route across the Atlantic. The latter involves, of course, transfer at some English or Continental port to one of the multitude of steamers which make Hong Kong, Shanghai or some Japanese port their Oriental terminus. For both passengers and letters the shortest route, where close connections can be made, is overland by way of Brindisi, Italy, where the P. & O. liners and various other mail boats make their final calls for passengers before steaming on to Suez. For the present, and until such time as order has been restored in Russia and the war-wrecked Trans-Siberian railroad can be rehabilitated, these are the only routes open to the Far East.

Markets and Seasons. Apart from personal predilections, choice of the Atlantic or Pacific routes should depend on the port which the traveller wishes to reach first or on the time of his departure. If he has the markets of India and the rest of South Asia for his objectives, there will be advantages in approaching by way of Europe and the Suez Canal. If China, Japan, Siberia and Manchuria are first on his list, he will naturally take the Pacific route by way of Yokohama, Nagasaki or Shanghai.

The season also needs to be considered. Not only is the fall or winter the most comfortable time for travel in India and all southern Asia and its island archipelagoes, it is also the season when business is at full tide and there is a better chance of interesting merchants in new goods. For obvious reasons, the spring or early summer is the appropriate time to work Japan, China and the other northern countries of Asia. For a flying trip, of course, any season can be made to serve. But a flying trip, except in a limited group of trades where a few great ports or houses will include all promising prospects, is a poor way to approach the great markets of the Orient.

Routing of Salesmen. From any one of several Pacific ports there are frequent sailings to Yokohama, the journey requiring from 13 to 17 days. This city does a large proportion

of the export and import business of Japan, while Tokyo, the neighboring capital of the empire, is a city of growing commercial importance. The two places are connected by an excellent electric railway, which covers the distance between them in a half hour. The traveller on trade bent usually makes his headquarters in Yokohama. It is an overnight run from there to Osaka and Kobe, the manufacturing centers of Japan. These two points also are sufficiently near together, 20 miles, to be covered without loss of time, Kobe offering certain advantages as a base of operations. If a person is interested in the silk industry he visits Kyoto, an hour's run from Osaka. From Kobe it is only 12 hours' trip to Shimonoseki, where there are channel steamers twice daily to Fusan on the mainland, the port of entry for the province of Chosen, formerly the Kingdom of Korea.

Chosen and Siberia. Seoul, 9 hours from Fusan, is the chief city in Chosen to which attention need be given. One then proceeds by rail to Mukden and Harbin, 20 and 30 hours respectively from Seoul. The next point is Vladivostok, the Pacific terminus of the Trans-Siberian Railway and a journey of 36 hours from Harbin. If one desires to go to Vladivostok dirctly from Japan the point of departure usually is Nagasaki, where the principal Siberian lines start, though another line of steamers serves east coast ports by way of Tsugaru Straits.

If the salesman has gone to Vladivostok by water, he usually proceeds by rail to Harbin and Mukden. From the latter point he may travel to Tientsin, a one day's journey, or visit Dairen, 8 hours from Mukden. From Dairen there are several steamship lines for Tientsin, affording sailings at least once a week, the time required for the passage depending upon whether or not the vessel makes intermediate ports of call. If suitable connections cannot be made by this route, one may reach Tientsin by rail in 16 hours.

All Roads to Shanghai. When a salesman has travelled to Vladivostok via Chosen, Mukden and Harbin, as first above described, it may be advisable to vary his return route to China by taking the steamer to Shanghai. The service is at least weekly and the trip requires about 4 days. A call is made at Nagasaki, Japan. If one decides not to cover Chosen, Manchuria or Siberia, he may go directly to Shanghai from Kobe or Nagasaki. Frequent connections are available each week from either port, the

passage requiring from 2 to 3 days. Nagasaki is reached by rail from Kobe in 20 hours. Sleeping cars are available and make the journey both comfortable and interesting for the traveller whose business engagements have forbidden sightseeing trips through the interior of the island.

The foreign community at Shanghai is the largest in China. There are modern office buildings and an extensive business is carried on. From Shanghai to Tientsin one has a choice of routes, by rail via Nanking, taking from 32 to 36 hours, or by water, a journey of from 2 to 3 days. There are two or three sailings a week. Tientsin is the port of Peking, from which it is separated by a rail journey of 3 hours. Peking, being the capital, offers special opportunities to travellers desiring contact with government officials.

Inner China Beckons. From Peking the salesman may return to Shanghai by one of the two routes above referred to and then ascend the Yangtze to Hankow, a trip of from 3 to 4 days by river steamers with daily service. An alternate route is to proceed directly from Peking to Hankow by rail. There is a service three times a week, the trip requiring about 36 hours.

Hankow Trade Center. Hankow is favorably situated as a distributing and receiving center for the Yangtze river basin. Changsha and Chungking may be reached by small steamers from Hankow, the former in 11 to 12 days and the latter in 3 days. Changsha is the nearest open port to certain large mining industries; and Chungking, the last treaty port on the Yangtze, is a market for various Chinese exports.

Hong Kong Chief Port. After covering Hankow and the neighboring cities mentioned, the salesman descends the Yangtze and proceeds by steamer to Hong Kong. The coastwise journey requires from 2 to 4 days, depending upon whether or not the vessel makes calls at ports on the way. The nature of one's business will determine whether these should be visited. Among such ports may be mentioned Foochow, Amoy and Swatow. Foochow is a tea center, Swatow has sugar interests and all three offer markets to traders in cotton and other textiles. Hong Kong is the chief port for the entire southern section of China and has extensive shipping facilities as well as industries of various kinds. Canton may be reached by rail in 5 hours or by boat in 8 hours.

French Indo-China. Steamers to the ports of French Indo-China and Siam are less frequent than those north of Hong Kong and goods consigned to or from the territory are subject to transshipment usually at Hong Kong or Singapore. Ha-noi and Saigon may be covered by coastwise steamers from Hong Kong. Ha-noi is reached by landing at Hai-phong from which it is separated by a rail journey of 3 hours. From Saigon there are fortnightly sailings to Singapore. Bangkok can best be covered from Singapore and return; the steamers sail weekly.

There are other lines serving this territory. Hong Kong, for example, is connected directly with Saigon, Bangkok and Singapore; and Bangkok may be reached by steamer from Saigon. If one intends visiting the ports of French Indo-China and Siam, therefore, it is advisable first to ascertain the schedules of these various steamers so that the most advantageous connections may be made. Between two and three weeks are required; one must also allow for delays.

To Cover East Indies. Singapore is a suitable center for trips to the East Indian islands and to points on the Malay peninsula. Frequent sailings also may be obtained for India and the Suez Canal. These routes will be described on later pages. Connections may be made also with Australia.

Hong Kong to Manila. From Singapore there are steamers to Manila at intervals of approximately 3 weeks, taking from 4 to 6 days for the passage. If a suitable connection with one of these is not made, Manila may be covered by returning to Hong Kong and crossing from there to the Philippines. There is a choice of several vessels a week to Hong Kong, the voyage taking from 5 to 7 days. It requires about 3 days from Hong Kong to Manila and the vessels leave weekly. In Manila one may obtain steamers to Australia; also there are two or three sailings a month to the west coast ports of the United States.

Return Visits Advised. Certain salesmen of experience in the Far East advise that the more important cities be covered twice. A return trip from Manila with this purpose in view would include Hong Kong, Shanghai, Tientsin and Nagasaki, continuing to Yokohama, Kobe, Osaka and such other Japanese cities as offered good prospects on the initial round of visits.

How Long to Allow. For the outgoing route above outlined from Yokohama to Manila including all of the points named, a period of 36 weeks should be allowed. The second visits would require an additional 6 weeks. These estimates of time are intended to be useful for American exporters planning to cover the territory for the first time and expecting their salesmen to remain sufficiently long in each city visited to develop connections. If these are already established or if one desires merely to negotiate with the large importing merchants, the period may be reduced. Indeed, when the circumstances do not require that the salesman spend more time in a place than is necessary to visit the principal concerns, the route from Yokohama to Manila may be covered in 12 weeks.

A Shorter Circuit. For one desiring to call only on important firms in the great centers, a shorter list may be suggested, for example, Yokohama, Osaka, Vladivostok, Shanghai, Hong Kong, Singapore, Bangkok and Manila. Such a trip would require from 6 to 14 weeks, depending upon whether it was necessary to remain and develop connections in the various places or merely to make visits, exhibit samples and book orders for goods already well and favorably known.

Atlantic-Suez Route. The traveller who elects to approach Asia by the Atlantic route leaves the English or Continental port and passes through the Mediterranean, Red Sea and Indian Ocean. He touches at Colombo, Calcutta, Singapore, and goes on to China and Japan. In normal times this usually is considered a long and expensive route, unless he finds markets for his line or lines in India, Burma and along the way. In the absence of convenient sailings by any of the Pacific lines, however, it may be the most advantageous route to take.

Trans-Siberian Route. Before the war, the traveller after crossing the Atlantic had the alternative choice of proceeding by rail to Russia and taking the Siberian express to Eastern Asia. The advantage of this route is that it shortens the sea voyage considerably. So far as economy of time is concerned, there was an advantage in taking this route from any part of the eastern United States and Canada, and even from Chicago or St. Louis. As compared with crossing the Pacific, this saved three or four days.

Covering South Asia. Specific suggestions regarding transportation facilities and the routing of agents and salesmen are included in the various chapters devoted to the different countries of the Far East. So much depends on the line of products, the time allowed, the climate and various other considerations, that only the broadest generalizations can be made regarding routes.

The following, however, is one of several routes considered by prominent American exporters as an advantageous way of covering the Southern part of Asia. The traveller approaches by way of Suez, making Bombay the point of arrival and departure. From Bombay the route lies by sea to Karachi and thence by rail to Lahore, Amritzar, Delhi, Cawnpore, Lucknow, and Calcutta; from Calcutta by sea to Rangoon; from Rangoon by sea to Madras and thence either by rail or sea to Colombo; from Colombo by sea to Penang; by rail from Penang to Ipoh, Kuala Lumpur and Singapore; thence by sea to Sourabaya, working from the latter place by rail to Samarang and Batavia, back to Singapore; and from Singapore by sea to Hong Kong, Shanghai and other points in the itinerary for Northern Asia.

Saves Time and Money. From the viewpoint of mileage and time savings, the advantage of shipping goods by the Pacific, or direct, route is clearly seen: the distance from Singapore, via Suez and London, to New York is 12,448 miles. The distance from Singapore to San Francisco is 7,571 miles. Under the old indirect method of importing, when an inland American manufacturer wanted to obtain supplies from the Far East, he was forced to go to the markets of London or some other European port, where the goods had been shipped via Suez. He had to pay London dock charges, commissions and freight to New York, and from there additional freight charges to his inland factory.

Shifting Trade Routes. Prior to 1914 European interests were entrenched so firmly in the markets of the Far East that a large proportion of products from South Sea ports and trade centers destined for American consumers were freighted via England, Germany and Holland. In certain cases, indeed, direct shipment of goods was impossible. But within the past two or three years Oriental trade routes have shifted more and more from the Mediterranean to the Pacific. The United States now consumes more than sixty per cent of Asia's tropical exports.

Banking Service in Far Eastern Trade

THE RAPID expansion of America's foreign trade activities has given rise to increasing service demands on the commercial banks operating in this particular field. These demands have led to a great extension of facilities for all the banking operations essential to export and import business. They have also brought about the development of service departments whose function it is to provide information and counsel insuring the safety of overseas ventures and also to supply concrete aid in carrying out the accompanying commercial and shipping transactions.

In Touch With Markets. To the manufacturer or merchant embarking in Far Eastern trade, such service departments can be of the greatest assistance. The foreign department of the highly organized commercial bank is in touch with every important market center of the world. It is concerned first, of course, with its banking functions—the transfer of money from one country to another by mail or cable, the buying and selling of foreign exchange, the discount and collection of foreign drafts, the establishment of export and import credits for the financing of overseas sales and purchases, and the buying and selling of foreign currencies. But its service to customers does not stop here. Whether the bank is represented abroad by correspondent banks or by its own branches, the long arm of courtesy and friendly co-operation reaches out to supplement the customer's resources and connections, to solve his problems and to facilitate his undertakings in the Orient.

Look out for Pitfalls. This advisory service is of particular value to the man who is just entering or has begun to consider foreign trade. Approached in any but a thorough and circumspect manner, the export field is full of pitfalls. Information is the only guide to safety and the banks which address themselves to foreign trade have developed specialists at home and correspondents abroad for the purpose of supplying and utilizing such information. From counsel as to the selection of a field of export activity or methods of securing business connections there, the service may ex-

tend to advice on adaptation of the product to a particular market or specific inquiry into the standing and desirability of certain firms or individuals as local or general representatives.

Credit Files of Value. If, for example, the credit of a Chinese or Indian concern is at all doubtful—and all Far Eastern connections should be scrutinized carefully before they are approved—the foreign credit department brings its information files to bear or secures a special credit report through its overseas correspondents. From these special reports and from the analysis of letters regularly exchanged with correspondents, is built up a body of valuable general information which mirrors outstanding conditions in the trades and industries of the various foreign countries.

Friendly Co-operation. Intimate and friendly relationships maintained with foreign correspondents are, of course, the foundation of this specific service. The value of information depends entirely on the competence and reliability of the source; the more alert American banks have equipped themselves to do their part in overseas trade by providing sources from which trustworthy information can be drawn. It so happens that while American business has much to ask of other nations, it has also much to offer; and American exporters and American banks have never before been so favorably placed for utilizing foreign connections.

Specialized Service. To the producer whose factory is at an interior point, this service is almost as accessible as to the immediate neighbors and customers of the big export bank. The former will naturally turn to his local bank for help; and the bank, if its own information files are inadequate, will resort, in its turn, to that one of its metropolitan correspondents which specializes in export business. And the principle of co-operation has been carried so far by American banks that the big institution will put all its sources of information at the disposition of correspondent and customer.

Facilitating Exports. In a succeeding chapter on "Financing Export Shipments", page 63, the various methods by which Far Eastern sales are financed and the part which the export bank plays in each are analyzed and described in detail. To convey

an idea of such a bank's activities in overseas trade, it will be enough here to indicate what its financial functions are and then to suggest the various facilitating services which have been developed in response to the needs of customers trading abroad.

Getting the Money. The basic function in which the exporter is interested, of course, is the bank's ability to secure for him the proceeds of an invoice of merchandise shipped abroad. Few such sales are completed by the dispatch, as in domestic business, of an invoice for the goods and the return in due time of a check for the amount involved, or by the making of a trade acceptance. The commoner method is to forward through an export bank a draft covering the transaction, with an invoice, the ocean bill of lading, marine insurance certificate and other necessary documents attached, for collection in accordance with the terms on which the sale was made.

Negotiation of Drafts. In a great many cases, where the exporter's credit is unquestioned, the draft is negotiated by the bank and the amount placed immediately to his credit. Interest is charged for the period required to forward the draft and receive the money or New York exchange in return: the bank's fee is a fractional percentage of the amount involved. This financing of overseas trade through the negotiation of approved documentary and "clean" foreign bills, is one of the most important services the commercial bank offers its exporting customers. Some large exporters who are able to borrow all the money they need at favorable rates grant credit to their approved foreign customers by taking their acceptances for thirty, sixty or ninety days.

Obstacles to Trade. Too many American manufacturers have an exaggerated fear that if they allow their goods to leave the country before payment is made they may have to whistle for their money. This fear in many cases is groundless for the reason that in every part of the world there are honorable and upright firms to whom it is as safe to extend credit as to any highly rated house in America. And the general practice of requiring payment on delivery of documents in New York is as much of a handicap on foreign sales as onerous credit terms would be on domestic business. Only when the goods cannot be duplicated from other

sources at anything like the same prices or when the consumer demand for a particular product or line is imperative will merchant buyers overlook a disadvantage in terms.

Commercial Credits. It is to meet this reluctance on the part of the seller, that the export commercial credit has been developed as another way of financing overseas sales. By it the foreign buyer provides in New York a credit sufficient to pay for his purchases before the goods are shipped. At his instance, his bank in Shanghai, Yokohama or wherever his business may be, opens a confirmed credit for him with its New York correspondent, instructing the latter to make payment for certain merchandise, machinery or materials upon the surrender by the shipper of a full set of documents showing that the specified goods have been delivered on board a steamer sailing on a certain date. These documents may include all signed copies of the ocean bill of lading, an insurance certificate in duplicate, consular invoice, certificate of origin, and weight and inspection certificates for certain commodities.

Added Sales Burdens. On delivery of these documents, the exporter receives his money and the transaction is complete so far as he is concerned. The great disadvantage, as already indicated, is that the Far Eastern buyer has to take all the trouble and risk and make direct payment of the invoice and all the charges weeks and even months before he receives his goods. No one will deny that this adds much more to the sales burden in every case than the amount of the interest and other charges.

The Confirmed Credit. The various forms which export credits take and the conditions on which payment depends in each case, are explained at length in the chapter on "Financing Export Shipments." Of the two in most general use, the confirmed credit differs from the unconfirmed chiefly in the fact that the former cannot be cancelled except with the consent of both buyer and seller while the latter can be without consulting the seller. Both credits are opened by the foreign buyer at a particular American bank. The open letter of credit, which is also used in some cases by Far Eastern merchants to finance purchases in this country, is sent direct to the seller and may be presented for payment at his own bank or at one or more designated banks.

Authority to Negotiate. Another device frequently used for financing export sales is known as a banker's letter of authority to negotiate either with or without recourse. Both are instructions to the American bank from an overseas correspondent to negotiate drafts of the exporter named up to a certain amount, when these are accompanied by specified shipping documents. In the second form the draft is made "without recourse" on the exporter.

Export Acceptances. A bank acceptance, under the Federal Reserve rules, offers a fourth method of financing export sales. The exporter, however, must be quite sure of the buyer's credit, and his own standing and reputation must be satisfactory to the bank. The acceptance, of course, covers a current transaction. If it is a shipment to Yokohama, for instance, the exporter makes two drafts. The first is on the customer at sixty or ninety days sight according to the terms of the sale; to this the ocean bill of lading and the usual documents are attached. The second is made on the bank, which accepts it and discounts it or allows the exporter to discount it elsewhere. The first draft and documents, which serve as the bank's security, are forwarded to the Yokohama correspondent for collection. Should there be any delay in payment, the exporter must provide cover for the bank's acceptance, when it falls due or arrange for its renewal. Another typical use of the bank acceptance is to finance a shipment delayed by lack of cargo space.

Emergency Services. Occasionally, too, the modern conception of banking service makes a commercial institution an active agent in export trade. In the first year of the European war, New York banks were called upon to make large purchases of wheat and other foodstuffs in open market for the account of their correspondent banks in Greece, Italy and other countries. This was an emergency service, but it illustrates the every-day fact that banks are no longer content to know and occupy themselves with the routine of banking. Their officers and department heads have intimate contacts with many trades and markets, domestic and foreign; in no other way could they safeguard the bank's operations.

Banks Share Knowledge. Bankers realize that this knowledge of conditions and methods is only half utilized if it is brought to bear solely on the bank's exclusive inside

problems. Real effectiveness never comes until the institution's resources of information as well as of credit are put freely at the disposal of its customers. In the domestic field, this is accepted and applied as an axiom. In the more experimental realm of foreign trade, where risks are multiplied by general unfamiliarity with a thousand details, from the routing of an overseas shipment to the regulations covering its entry at its foreign port, the service which an alert bank is prepared to render to its customers is really limited only by their needs—need of counsel and need of concrete help in turning a distant prospect into an actual sale.

Routine Easily Fixed. The established exporter has no difficulty in reducing the handling of his overseas shipments to routine. Clerks can take care of all the details connected with the engaging of cargo space, securing of the shipping permit, export declaration, steamer bill of lading, inspection certificate, dock receipt, insurance certificate, consular invoice and such other documents as the nature of the shipment or its port of destination may demand. To the beginner in foreign trade, however, all this may seem a formidable series of operations, since negligence in the performance of any one of them may result in the holding up of the goods, failure to make the steamer on which cargo space has been contracted for, and possible refusal of entry or a heavy fine on the shipment at its port of destination.

Aid in Organization. It is just here that the commercial bank operating in the foreign field can offer material aid with its specialized service departments. Not by assuming the functions of a forwarding agent for the manufacturer in an up-state or interior city, but by guiding him and helping to organize this end of his export activities until he also has "learned the ropes" and perfected his own routine for handling and forwarding direct shipments. If his home office is too far from tide-water to allow his export department to see the goods aboard steamer, he can save time, money and possible errors by employing a reputable forwarding agent to handle his shipment from terminal yard to ship-side. That is the forwarding agent's specific business and there is no lack of responsible firms capable of looking after all the details. They make very reasonable charges for the specialized operations which they perform on behalf of their exporter clients.

Help in Forwarding. At the same time the competent export bank is equipped to assist its customers should their forwarding machinery break down or encounter new conditions or problems or when an emergency puts a premium on special attention by some one directly on the ground. The preparation and execution of the documents necessary to exporting, warehousing, routing, insuring and actual forwarding of shipments, however, are all operations within the everyday compass of the average business, and their organization presents no special difficulties.

Analysis of Problems. It is in the overseas phases of documentation and shipping that the counsel of the export bank is likely to prove most valuable. Port requirements vary in many countries of the Far East. Tariffs, though generally of the simplest character and lowest rates—except in Japan and French Indo-China—need to be known to secure the most favorable classification on incoming merchandise. Packing materials and methods hold possibilities of unpleasant surprises for exporters who have not studied the regulations governing imports into various countries beyond the Pacific. Climatic conditions may be such as will handicap a line of goods or machinery entirely acceptable in the United States, but susceptible to swift deterioration in tropical countries. And so on through the entire list of marketing problems knowledge of which is essential to success in the Far East. This knowledge the export bank is equipped to supply to its customers or the customers of its correspondents. Advice on the mechanical operations incident to export shipping is the least important aid the bank offers its customers in the building of an export business.

Financing Imports. In the financing of import trade from the Far East, American commercial banks have made great progress in the last few years. Were it not for this return current of raw materials and the trade balance it sets up, American exporting would have to make head against an unfavorable rate of exchange which would add considerably to the delivered cost of their products in Oriental ports. When an Akron rubber company buys crude Para gum at Singapore or a New York importing house contracts for copra or soya beans at Manila or Nagasaki, the seller may demand cash before shipment. If he does, the buyer finances the purchase by means of an import credit established through his Ameri-

can bank with the latter's correspondent in Singapore, Manila or Nagasaki, the correspondent bank paying the seller for the shipment on delivery of the ocean bill-of-lading and the required documents.

When Trade Thrives. No actual transfer of money is made, of course. Dollar exchange is the medium of transfer, and dollar exchange is at its most advantageous point for both exporters and importers, when reciprocal sales and purchases between the United States and the Asiatic country are almost equal in value. The most important service of American banks in promoting Far Eastern trade has been the extension of their facilities for export and import credits to all the principal markets of the Orient. Dollar exchange available at the principal ports at favorable rates is an essential factor in successful American trading overseas.

Letters of Credit. Such import credits are frequently established by cable for the convenience of customers; commercial letters of credit are sold for use abroad in the purchase of merchandise or materials; payment of salesmen's expenses and the like is usually provided for through travelers' checks or circular letters of credit issued to the salesman.

Protect the Shipper. All that American export banks ask of their foreign correspondents they give freely in return. Not only do they provide facilities for the collection of drafts, notes, coupons, dividends and the like; the more progressive institutions take the initiative in protecting the interests of customers of their correspondents at every point. If for any reason, the consignee of an import shipment neglects any of the port requirements, the bank makes the proper entry, has the shipment inspected, files claims to cover any damages suffered, has the goods warehoused—instead of allowing them to go a "general order warehouse" where the storage charges are heavy—and in general looks out for the shipper's interests. Action of this sort is certain to result in closer and more friendly relations between American and foreign banks, with corresponding advantages to American merchants.

Foreign Securities. Transformation of the United States into a great creditor nation is responsible for the development of another banking service in the foreign securities depart-

ments now maintained by some commercial institutions. Not only are these departments equipped to underwrite and market loans for foreign governments and for municipal public works: transactions in the securities of railroads, industrial and commercial undertakings and public utilities are of increasing importance. To render these transactions safe, dependable information about fundamental conditions as well as the character of the men responsible is necessary. Possession of this knowledge or sources from which it may be drawn, puts the bank in a position to act as advisor and agent in the purchase or sale of any class of foreign securities.

Recognize Opportunities. Trade opportunities in the Far East and in other foreign fields have been recognized by far-sighted American bankers and steps have been taken to provide facilities for developing these opportunities. Both directly and through national business and banking organizations they have been able to foster broader policies in international commerce by shaping favorable trade agreements with foreign countries and securing essential legislation, as in the provisions of the Federal Reserve act authorizing the making of bank acceptances.

Inside their own organizations, careful study of the methods which foreign financial and commercial houses have used in promoting trade has resulted in the adaptation of these methods to American conditions. When American business men have learned to use the facilities thus created and have broadened their credit and collection policies in accord with the new conditions thus set up, American trade activities in the Far East—and elsewhere—will receive a great and lasting stimulus.

Tariff Problems in the Orient

THE SUCCESS or failure of any export undertaking may turn on the exporter's knowledge or neglect of tariff schedules and regulations. Almost any tariff, in any part of the world, is a sort of barrier wall having several toll gates charging classified rates of admission to the market beyond. The first and easiest gate to reach exacts the highest toll; but down along the wall somewhere diligent search will often reveal an obscure postern where the product can enter under a classification paying a much lower tax or no tax at all. If you expect to do business in the Far East on an equality with Europeans and Japanese, it is your job to discover this gate of advantage.

Get the Best Rate. Frequently you can enlist for your search the aid of the importer whom you have interested in your product: in fact his instructions on the exact manner in which his purchases are to be described in your export declaration should be followed to the letter. The disassembling of a piece of machinery, for instance, and the separate entry of certain parts, may make a great difference in the amount of duty to be paid; in many Far Eastern countries, too, machinery and supplies for certain industries are admitted duty-free It is not enough to depend on your overseas prospects, however, for this information; even if your product has a decided superiority, it will be easier to approach them if you have mastered the a b c of their tariff situations.

Tariff Analysis Pays. More than ever before, careful and intelligent analysis of foreign tariffs is now imperative to any American who wants to do business abroad. The European war has completely upset all the standards which prevailed before August, 1914. The necessity of meeting interest charges on tremendous war debts will lead foreign governments to exploit all possible sources of revenue. To most of them a tariff on imports will appeal because it is an indirect form of taxation and also because it will have the effect of curtailing imports of non-essentials, of putting the country more nearly on a self-sustaining basis and of reducing or eliminating the economic bug-bear of unfavorable trade balances. France has already indicated her intentions in this direction by de-

nouncing her existing commercial treaties and forecasting important tariff changes during the summer and autumn. There are signs also of a closer drawing together of Great Britain and her dominions overseas which may affect existing trade conditions in the Orient.

Low Rates in Orient. Prior to the outbreak of the European war, Far Eastern tariffs had but little adverse influence on the volume and character of American shipments. The Philippine market was wide open to products originating in the United States while exporters of other nations had to overcome the handicap of the regular United States tariff. Except for Japan, Siberia and Indo-China, duties elsewhere in the Orient were imposed for the sake of the revenue rather than with any protective purpose. They were kept low partly to favor European merchants and manufacturers and partly to hold down cost to the consumer.

Japan was an exception to this rule, having a distinctly protective tariff which allowed free entry only on materials and machinery such as she did not produce herself and imposed low duties on partly manufactured goods. In Siberia, the restrictive Russian tariff was applied to all articles not of Russian origin unless these were specifically exempted as promoting the growth of industry or transportation. In Indo-China, the regular French tariff was applied in the same manner.

Protection in Japan. As America's largest customer in the Orient, Japan's tariff schedules are of prime importance. In 1917 her imports amounted to $517,950,553. Of this total more than half was admitted free, dutiable goods amounting roughly to $224,353,500. Most duties are specific, so many yen to a given unit of measure, but the customs revenue in 1917 was only 8.47 per cent of the value of dutiable goods imported. This does not seem a very formidable barrier; actually the ad valorem rates on nearly all manufactured goods range from fifteen to forty per cent, with some luxuries paying as much as fifty per cent. Because they are the products of a "key" industry, important in war as well as peace, dyes will also be increased from ten to fifty per cent ad valorem.

There were 647 items in the original Japanese schedules adopted in 1910. Since that time numerous changes have been made, many raw materials being added to the free list and not a few products which Japanese factories had begun to turn out—like gear cutters, milling cutters, light iron chains, and brass and bronze tubing—transferred to

the dutiable list. Japan's conventional tariff, with ad valorem rates much lower than those of the general schedule, applies to American products as well as to exports of the principal European nations. Formosa is treated as a part of Japan. Chosen, formerly the kingdom of Korea, but now annexed to Japan, will be treated until August, 1920, as a foreign country and its former tariff schedules, levying from five to ten per cent ad valorem duties on most of its imports, will be continued until that time. Thereafter, it is practically certain that Japanese goods will either enter duty-free, or will enjoy a substantial tariff preference.

China Needs Revenue. China, long kept in commercial leading strings by the great powers, has begun to look forward to the day when she will have a measure of autonomy in the control of her import trade. Her tariff is made up largely of specific duties, computed at five per cent on market values which obtained before the war brought such radical price advances. Last year the revenue produced by these specific duties was only three and a half per cent of the value of imports and the hard-pressed Chinese government was brought almost to bankruptcy.

Recognizing the Republic's precarious situation, the Allied powers consented last year to a revision of the specific duties and a joint commission has calculated these anew on a basis of average values for the five years from 1912 to 1916. There is provision also for a new deal in 1921. For the time being, then, the Chinese tariff amounts to a little less than five per cent on all imports except gold and silver, wheat, rice and other cereals and their products.

Free Trade no More. Until the second year of the great war, British India's tariff wall was as low or even lower than China's—a condition dictated largely by the interests of British trade which dominated the Indian markets. Prior to 1882, the general import duty was the same as China's, five per cent. In that year all tariffs were abolished. They were restored again in 1894 to the five per cent level and, with several important exceptions, remained there until 1916. The chief exceptions were industrial machinery of various types, raw cotton and other materials, cattle, grain and foodstuffs, which were admitted free. Two years later the tariff on cotton piece goods was reduced to three and one-half per cent and cotton yarns for weaving put on the free list.

India's Higher Rates. To provide additional revenue for war expenses, most of the ad valorem duties were raised to seven and one-half per cent in 1916 and 1917, even cotton textiles being advanced to this level. At the same time the free list was greatly restricted. Machinery exemptions were cut down to include only agricultural and cotton-spinning and -weaving machinery, raw materials like cotton, wool, and hides, cotton yarns and threads, printed books and catalogues and advertising matter imported by mail. The entire tariff was a matter of revenue. British manufacturers were given no preferences; even the protective feature of the tax on cotton piece goods was minimized by the imposition of an internal revenue tax of three and one-half per cent on native fabrics.

"Infant Industries." This situation will scarcely endure, however. Indian manufacturers are conscious of the advantages a protective tariff gives in the upbuilding of young domestic industries; and their agitation for a greater measure of protection is likely to bring results in the next few years. On the finer grades of cotton goods, on machinery and a long list of specialties peculiarly American, the tariff restrictions will hardly prove serious. It is interesting to note that in 1917 India's imports reached $480,839,549.

Few Tariff Preferences. In the Netherland East Indies, again, American exporters are on an equality with Dutch merchants and manufacturers, no preference being allowed to the latter. The tariff rates vary from eight to twelve per cent; minor changes have been so frequent recently that it is well to verify rates at intervals by application to the Bureau of Foreign and Domestic Commerce at Washington. In some instances the size and weight of the article enter into the calculation of the duty.

In the Federated Malay States the average rate on products not subject to specific duties is ten per cent. All the ports of the Straits Settlements in the Malay Peninsula are on a free trade basis. Siam imposes an ad valorem duty of three per cent on the delivered cost at Bangkok of all classes of manufactured products and raw materials. Delivered cost includes, of course, the cost of containers, packing, insurance, freights and other charges. The usual internal dues levied on transfers between interior points are waived in the case of imported goods. These transit dues are common in many countries of the Orient; usually they can be found in the standard reference books.

Sources of Information. Tariff information may be secured from numerous sources, official and otherwise. The most dependable and accessible of these are as follows:

(1) Bureau of Foreign and Domestic Commerce, part of whose work is the gathering, filing and dissemination of tariff information. Inquiries are promptly answered. (2) United States consulates in the Far East, which are nearly always able to supply needed information. (3) Daily Commerce Reports, in which all important changes in foreign tariffs are noted and the effect of these changes analyzed. (4) Kelly's Custom Tariffs of the World (complete texts of the tariffs), published in New York. (5) "Shipping World Year Book," published annually in London. (6) "Exporters' Encyclopædia," published yearly in New York and containing a digest of the tariff of each country covered.

Tariff Rates may Differ. In general, the reports of the Bureau of Foreign and Domestic Commerce recommend that no reference lists of tariff rates should be used unless confirmed at the time by the Bureau. When two or more rates of duty are shown in any tariff for the same article, products of the United States as a rule are admitted at the lowest rate ("conventional" or "minimum"), except: (1) into France and French colonies, where (in the case of most articles) the "general" rate is applied; (2) into Canada where the "general" rate is applied; and (3) into other British colonies, where the "preferential" rates (if any) are withheld from all non-British imports. Numerous specific conditions, such as using gross weight as the basis of assessment of specific duties for French Indo-China and Siam and net weight for China and Japan, should be borne in mind.

Accurate Descriptions. Declarations should state descriptions of articles carefully. In many countries customs officials are entitled to a percentage of the fines which result because of wrong declarations or descriptions—a provision which makes them vigilant in detecting even slight departures from absolute accuracy. Exact statements are advantageous also, because certain merchandise or manufacturers frequently secure exemption if the exact character of the case is designated in the declaration.

How to Use Export Commission Houses

WHILE DIRECT dealing with customers in the Far East is entirely practicable, whenever the manufacturer or jobber has the complete equipment required, still there is a very important function in export trade which can be performed by export commission houses. A well organized export commission house performs the duties of the middleman, serving as an intermediary between the manufacturer and the buyer. There are over 600 export commission houses in New York, and many others in our other large ports—San Francisco, New Orleans and elsewhere. Especially those in New York have great influence and conduct business on an extensive scale. A well known authority on the subject has estimated that twelve of these houses handle one-quarter of the entire export trade of the United States and that two practically control our trade in China.

Selecting an Agent. The choice of a commission house can be determined upon either by correspondence or by a personal visit to New York or any of the other large commercial centers where these houses are found. Exhaustive lists showing the character of goods handled, markets covered and other important data can be found in "The Export Trade Directory" which is published by the "American Exporter," New York; "The Export Register," issued by the Export Manufacturers of U. S., Inc., 17 Battery Place, New York; and "Export Trade," Sheldon Publishing Company, New York.

An Adequate Plan. In making definite arrangements with an export commission house for representation in the Far East, it is essential that the following conditions be agreed upon:

(1) That the representation will be given active attention.
(2) That the export house is adequately represented in the territories for which agency is granted.
(3) That a certain period of development is allowed; if results do not follow, the manufacturer is then at liberty to make other connections.
(4) That the export house will be protected on business reaching the manufacturer through other channels.

Other Activities. Large export houses by no means confine their activities to buying and selling. Their work frequently covers practically every phase of foreign trade, such as operating steamship lines, running branch houses abroad, issuing letters of credit and underwriting financial projects.

What Is an Indent? The order received from the foreign purchaser is known as an indent. A closed indent is one that mentions the particular firm with which business is to be transacted. The open indent is one that leaves the choice of the firm to the discretion of the house handling the order. Few export commission houses to-day limit their buying to these orders.

Definite Advantages. Houses of this kind have been an important factor in the development of American foreign trade. They have made a special study of the foreign field and consequently understand its requirements. Their organizations are capable of treating the difficulties of credit, transportation, and distribution. The immediate advantage of dealing through export commission houses is the centralization of effort on the part of both buyer and seller. With all orders collected and shipped on one bill of lading, the foreign merchant is saved the expense and labor of corresponding with a great many export manufacturers. Among foreign merchants the commission house often is relied upon for information regarding new goods; sometimes the merchant carries this trust to the point of placing orders in blank. In other words, by dealing through the commission house the manufacturer at home is saved considerable expense, and selling, the extending of credit, financing, insuring and shipping are in expert hands.

Some Disadvantages. Any manufacturer can deal direct with his foreign customer, of course, but he should not ignore the export commission house as a possible chance of distribution. The real limitation on its use is that its trade field is usually more circumscribed than the manufacturer's ambitions and that the producer's name is seldom displayed. Unless, indeed, his advertising is extensive enough to make his trade-mark an asset to the house. But the fact remains that the export commission house supplies definite function in foreign trade and controls a great deal of business which cannot easily be secured without its co-operation.

Financing Export Shipments

THE DESIRE of the seller to receive payment before the goods leave his hands and that of the buyer not to part with his money until the order is delivered to him give rise to a problem of peculiar difficulty in international trade because of the time required for transportation, the risks encountered en route and, in some cases, the fluctuations of rates of exchange. The banker, in bridging the gap by providing means of payment sufficiently flexible to reconcile divergent interests, renders a service of inestimable value to both parties. An outline of the methods in general use is given below.

Cash With the Order. The foreign importer may remit with his order a draft on New York. This method places the burden entirely on the customer and is employed chiefly in small transactions or where a special condition justifies its use.

Or Cash on Delivery. The purchaser may send funds directly to an American bank with instructions to pay the manufacturer upon delivery of certain documents. The documents required in this and similar transactions will be indicated later.

Sales on Open Account. The exporter may permit the buyer to carry a running account under an agreement that payments will be made at specified periods. Here the shipper assumes the risk. This method, however, seldom need be resorted to in the Far East, as one or another of the following means is well-known to merchants in all parts of the territory.

The Confirmed Order. A current practice in the Far East is for the importer to make financial arrangements with an American house, or with a local establishment represented in the United States, whereby this correspondent confirms his orders and accepts drafts covering his purchases. Under this arrangement the American manufacturer need concern himself only with the credit of the house so designated. The greater part of the trade between the United States and the Far East is transacted on this basis.

IRVING NATIONAL BANK
NEW YORK
ORGANIZED 1851

CABLE ADDRESS: "IRVINGBANK-NEW YORK"

FOREIGN DEPARTMENT

IN REPLYING PLEASE QUOTE
Export Credit.

January 2nd, 1919

ADVICE # 600/100.

F.C.Supply Co.,
1 Broadway,
New York City.

Gentlemen:

We are instructed by the Japanese Bank to negotiate as offered, without recourse, your documentary bills at ninety days sight on Reizo Matsuoka, Kobe, to the extent of NINE HUNDRED AND 00/100 DOLLARS ($900.00) at one time outstanding, for invoice cost of goods shipped to that port.

The bills must be accompanied by a full set of Bills of Lading (Express Company's Bills of Lading not acceptable) and Insurance Certificates covering marine insurance and also war risk insurance, made out to order and endorsed in blank together with invoice covering merchandise shipped from America to Kobe, and shipping documents to be delivered against payment of the relative drafts.

The drafts must be drawn to order, endorsed in blank and be marked.

"Drawn under authorization of the Japanese Bank, #100"

and must bear the following clause:

"Payable with interest added at the rate of 5% per annum from date of draft until approximate arrival of cover in New York."

This authorization is subject to cancellation and/or modification by us at any time.

Kindly hand in this letter with your drafts in order that the amounts of the same may be endorsed on the back hereof.

Yours very truly,
PRO FORMA
Vice President.

BANKER'S Authority to negotiate drafts without recourse—This advice of a New York bank to a local exporter is based on instructions from its Japanese correspondent to negotiate the exporter's drafts on a Kobe customer if the drafts are accompanied by certain specified documents. The "without recourse" clause relieves the exporter in the event of non-payment. Subject to cancellation.

Authority to Negotiate With Recourse. An American bank may be instructed by its foreign correspondent to negotiate, up to a specified amount, the drafts of an exporter drawn against a designated bank or individual and accompanied by a full set of shipping documents. This form, often called an authority to negotiate, is not a bank credit. It is stipulated expressly that the seller is not relieved from the liability usually attaching to the drawer of a bill of exchange. The instructions frequently designate the name of an individual or company which will attend to the insuring of the goods. This last may be dictated by such a simple fact as representation maintained in the importer's city by the company designated for this particular function.

Authority to Negotiate Without Recourse. Sometimes the bank's authority to negotiate is modified by omitting the clause which provides that the drawer's liability remains until the draft is met, and by substituting in its place a phrase to the effect that the drafts are to be negotiated without recourse to drawer. Several exporters of experience accept orders based on authorities to negotiate, with recourse, only for shipments of standard material and when billed to houses of undoubted responsibility which have reputations for fair dealing. In all other cases they require either that an authority, without recourse, be given or that some other arrangement be made whereby they may be assured of their money and at the same time not risk the loss resulting from non-payment by the importer. (A reproduction of a typical authority to negotiate, without recourse, appears on the page opposite.)

Foreign Bank's Credit. A foreign bank may issue a letter of credit on itself directly in favor of the American exporter advising him that he is authorized to draw on the issuing bank to the extent of a specified sum. It is usual also to name the banks in the United States where drafts accompanied by full sets of shipping documents may be negotiated. The foreign bank promises that such instruments will be honored if presented on or before a certain date, provided, in the case of time drafts, the shipping documents are surrendered against acceptances, or against payment when they are drawn at sight. The American banks named on the instrument, however, do not always regard the credit as confirmed in the absence of direct advice from the foreign bank.

Irving National Bank

NEW YORK

New York, January 7, 1919

Irrevocable Export Credit No. 627 Expiring June 30,1919

New York Motor Company,
New York City.

Gentlemen:-

You are hereby authorized to draw upon us at - - - - - sight - - - - - -

for account of Java Motor Company -

to the extent of FOUR THOUSAND AND 00/100 DOLLARS ($4000.00) - - - - - -

covering nine (9) motors to be shipped to the Dutch East Indies.

Documents (Complete sets unless otherwise stated) comprising:

Steamer
Bills of Lading issued to order of consignee

Invoices

Insurance Policies covering marine and war risk

to be delivered to us against payment

Insurance as above.

Bills of Lading issued by Forwarding Agents will not be accepted unless specifically authorized herein, and any modifications of the terms of the credit must be in writing over authorized signatures of this Bank.

Drawings must clearly specify the number of this Credit.

Yours very truly,

Entered

PRO FORMA

Vice-President.

CONFIRMED Export Credit—Established at a New York bank for a Dutch East Indian importer by his bank to cover the purchase of a specified number of gasoline motors. Differs from the authority to negotiate, on page 64, because it covers one definite transaction and cannot be cancelled without the consent of the exporter. The bank is responsible for payment if terms are complied with.

Buyer's Export Credit. Through his local bank the Far Eastern customer may open an export credit in a bank in New York or elsewhere in the United States, whereby the American bank, upon the presentation of certain enumerated documents, will pay up to a specified amount to the shipper or accept the latter's draft and meet it at maturity. For this purpose the foreign bank usually selects an American bank with which it maintains an account. A commission is charged for the service depending in rate upon whether the American bank is asked merely to pay or to accept and pay, and in the latter case also upon the length of time the draft has to run. The rates are agreed upon between the banks concerned. The credit may be opened by mail or cable.

A Confirmed Credit. A confirmed credit, also called an irrevocable credit, is one that cannot be cancelled without the mutual consent of the buyer and the seller. When the American bank has notified the seller that such a credit is established in his favor, it is held responsible for payment if the terms are duly complied with. An unconfirmed credit, on the other hand, is an instruction to a bank in the United States to honor drafts drawn by a designated exporter to a specified amount unless and until it receives from the foreign importer notice of cancellation. The rate of commission charged for a confirmed credit is slightly higher than for the other. (A specimen advice of a confirmed credit is reproduced on the opposite page and an unconfirmed one on the following page.)

Credit Instructions. A letter of credit invariably gives detailed instructions for the guidance of the American bank, and sound banking practice requires that they be strictly observed. It carefully enumerates the documents which must be delivered and, when time drafts are provided for, states the period for which they are to run. In most of the forms above referred to there is an expiration date, but no period need be fixed for an unconfirmed credit as it may be cancelled without the shipper's consent. Whenever an expiration date is stated, a manufacturer in the interior should allow for delays in rail transportation and in loading the cargo.

Pay Against Documents. Upon receiving the necessary instructions a bank will pay the exporter the amount of his invoice against delivery of a complete set of shipping documents.

Irving National Bank

NEW YORK

New York, January 7, 1919

Export Credit No. 500 Expiring June 30,1919

New York Motor Company,
New York City.

Gentlemen:-

We are informed that you will draw upon us for account of - - Java Motor Company - - at - - - - sight - - - - - - to the extent of FOUR THOUSAND AND 00/100 DOLLARS ($4000.00) - - - - - - covering nine (9) motors to be shipped to the Dutch East Indies.

Documents (Complete sets unless otherwise stated) comprising:
Steamer
Bills of Lading issued to order of consignee

Invoices

Insurance Policies covering marine and war risk.

to be delivered to us against payment

Insurance as above.

This letter is for your guidance in preparing documents and conveys no engagement on the part of this Bank as we have no instructions to confirm the Credit.

Bills of Lading issued by Forwarding Agents will not be accepted unless specifically authorized herein, and any modifications of the terms of the credit must be in writing over authorized signatures of this Bank.

Drawings must clearly specify the number of this Credit.

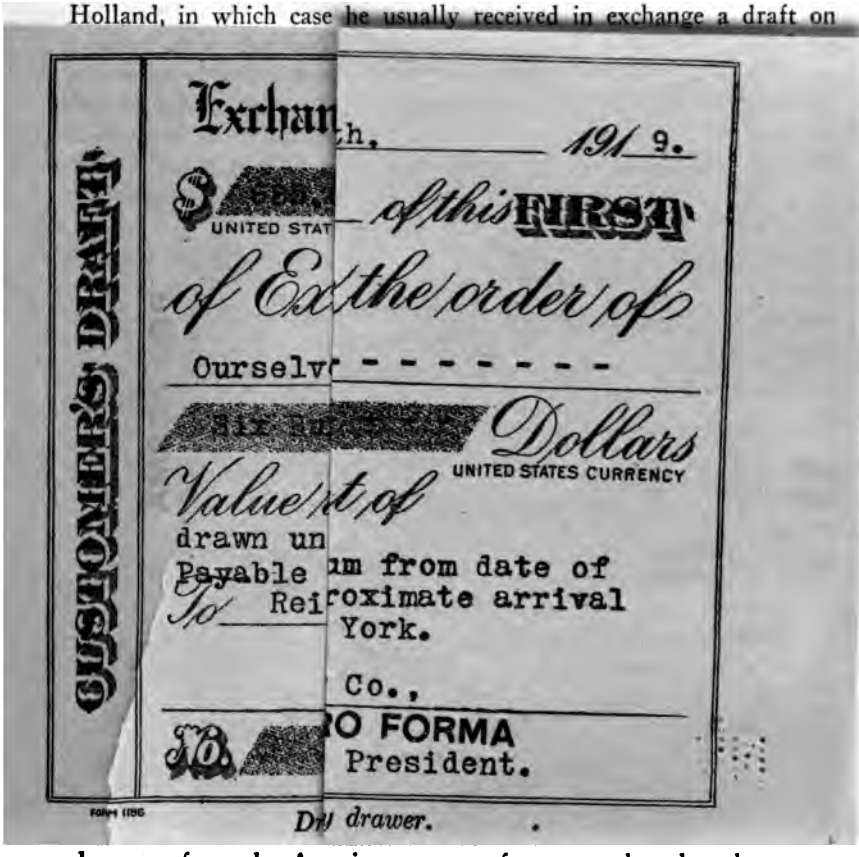
Yours very truly,

PRO FORMA

Vice-President.

UNCONFIRMED Export Credit—Letter of advice from a New York bank to export house notifying it that drafts up to the amount named will be honored under certain conditions. Bank assumes no responsibility for payment if credit is canceled before use.

Before the war, credits in this form were opened through the Dutch banks with considerable frequency by merchants in the East Indies and they may serve as an illustration of the method. The shipper was directed to forward his papers to the office of the Dutch bank in Holland, in which case he usually received in exchange a draft on


CUSTOMER'S DRAFT

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Co.,

No. O FORMA

President.

FORM 1106

Dr drawer.

clearance from the American port or for entry abroad or by agreement between the parties. Upon receiving the papers the bank dispatches them at once to its foreign correspondent. In cases where it is probable that a consignment may not go forward immediately upon its arrival at the seaboard, an export credit may be made payable against a warehouse receipt or a dock receipt. This instrument then is held by the bank until exchanged for an ocean bill of lading as indicated below in describing the use of an export trust receipt.

TRADING WITH THE FAR EAST

Irving National Bank

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F. C. [illegible] CO.

PRO FORMA

Vice President

authorized [illegible]

authorized signatures of this Bank.

Drawings must clearly specify the number of this Credit.

Yours very truly,

PRO FORMA

Vice-President.

UNCONFIRMED Export Credit—Letter of advice from a New York bank to export house notifying it that drafts up to the amount named will be honored under certain conditions. Bank assumes no responsibility for payment if credit is canceled before use.

(68)

Before the war, credits in this form were opened through the Dutch banks with considerable frequency by merchants in the East Indies and they may serve as an illustration of the method. The shipper was directed to forward his papers to the office of the Dutch bank in Holland, in which case he usually received in exchange a draft on London, or to the bank's correspondents in the United States, from whom he obtained a direct payment. Although Dutch credits of this kind have fallen recently into disuse, the tendency in the East Indies may be to resume transactions in the former channels after a general peace is declared. The issue of such documentary credits elsewhere in the Far East has not been interrupted.

Payment on Receipt. An instruction frequently used directs an American bank to pay up to a specified sum against a full set of shipping documents and a receipt signed in triplicate by the exporter. In this case the latter does not prepare a draft. The paying institution, however, is instructed to draw upon a certain bank designated in the letter of credit for its reimbursement.

Handling Export Drafts. When the exporter has drawn a time draft, he may hold it until maturity after it has been accepted by the bank. But as discounting involves no difficulty, he more often adopts this course. A specimen draft drawn under an authority to negotiate is attached to this page.

Essential Documents. The following documents usually are required and constitute what is known as a full or complete set: (a) a draft in duplicate or triplicate, or a receipt in triplicate; (b) all the negotiable copies (varying from one to four) of the ocean bill of lading; (c) two copies of the insurance certificate; (d) two copies of the invoice; (e) special documents, for example, consular invoice or weight certificate, required in certain cases for clearance from the American port or for entry abroad or by agreement between the parties. Upon receiving the papers the bank dispatches them at once to its foreign correspondent. In cases where it is probable that a consignment may not go forward immediately upon its arrival at the seaboard, an export credit may be made payable against a warehouse receipt or a dock receipt. This instrument then is held by the bank until exchanged for an ocean bill of lading as indicated below in describing the use of an export trust receipt.

EXPORT TRUST RECEIPT

New York, January 2, 1919.

Received in Trust from the Irving National Bank, New York, acting as agent for Japanese Bank,

the merchandise specified in the Bill of Lading

Issued by S. L. & M.

Dated Dec. 14th, 1918. Car Number P. N. 29746.

Routed St. L. & M. and Erie.

Covering twenty (20) cases of face cream.

and in consideration thereof the undersigned hereby agrees to hold the said merchandise as the property of said Bank, subject at all times to its order, for the purpose of being sold or otherwise disposed of, as the said Bank may direct; and further agrees that when and so soon as any or all of the said merchandise is sold to pay over the proceeds thereof to the said Bank.

The said Bank may, at any time, at its option, cancel this trust and take possession of said merchandise, or of the proceeds of such of the same as may then have been sold, wherever the said merchandise or proceeds may then be found; the undersigned further agreeing to return the documents or merchandise forthwith to said Bank upon request.

The undersigned expressly accepts this trust subject to the following conditions, in addition to those hereinbefore or hereinafter specified, and agrees to fulfill them implicitly.

It is further understood and agreed that any failure on the part of the undersigned to fully carry out any of the provisions or conditions of this trust, even if known to said Bank, shall not be deemed a waiver of performance of any such provision or condition or otherwise by said Bank or a waiver of any of its rights or remedies hereunder and any waiver in order to operate as such must be in writing and also endorsed hereon and properly signed by said Bank.

(Signed) **PRO FORMA**

Amount of Draft $685.65.

Date January 2nd, 1919, Letter of advice No.600/100.

Trust Receipt given in exchange for Railroad Bill of Lading.

Drawn to whose Order? It is important to observe to whose order to draw the documents. This applies with particular force to bills of lading, warehouse and other receipts and to the insurance certificates. Shipping papers are usually drawn "to order," because of the flexibility of negotiation thus obtained. The endorsement of the shipper, which invariably is required on documents prepared in this way, should be made in blank and not to order of an institution, as for example, the bank accepting the papers. By agreement between the parties, however, bills of lading are sometimes issued directly to the consignee. By this method the importer has the assurance that the goods cannot be diverted without his consent. As has been mentioned previously, goods shipped during the war from the Atlantic coast for certain countries in the Far East, for example, Java, had to be billed to specific consignees.

Negotiable Documents. By far the greater part of foreign trade is handled with negotiable documents. This is because the use of such instruments assures more adequate protection for the banks financing the transactions and in other ways materially increases the ease of conducting the business. Certain formalities connected with drawing and endorsing documents may appear nonessential to the American manufacturer, but when he ships to a foreign market his papers pass through many hands and some slight omission, overlooked in the United States, might cause the shipment to be held in a distant port to await correction of the error.

Export Trust Receipt. When the bank at the American seaboard is instructed to accept or pay a draft against a railroad bill of lading or a warehouse receipt, it must relinquish possession of it for sufficient time to allow the document to be exchanged for an ocean bill of lading. The bank engages the services of a forwarding agent for this purpose or, in certain cases, may accept from the exporter a trust receipt which grants the powers necessary to the protection of its interests during the interval. A specimen export trust receipt is reproduced on the opposite page.

Foreign Money Credits. An export credit may be opened in a foreign currency instead of in dollars, and when this is done in the Far East the one customarily selected, even in the French colonies, is pounds sterling. The American bank makes pay-

ment at its buying rate for time or sight bills according to the terms set forth and forwards the relative documents to its foreign correspondent. The importer pays at the foreign bank's selling rate on London, the variations in this rate depending on how the cover should be provided in that city, for example, by cable or by mail transfer. In view of the fluctuations in the various local currencies of the countries of the Far East, there seems to be no immediate possibility that credits will be arranged in any of the mediums referred to, with the possible exception of that of Japan.

Draft on the Customer. A further way in which a manufacturer may obtain payment for his goods is to draw a draft on his customer in a case when the latter has not established a credit in the United States. This instrument is drawn in duplicate or triplicate to the order of a bank or to the order of the exporter and endorsed by him. Such drafts may be payable at various usances but usually at sight or at 30, 60 or 90 days, or longer, after sight or after date. A specimen draft is attached to the opposite page.

Clean or Documentary. A clean draft is one unaccompanied by any other instrument. In the ordinary course of business it may be one made in accordance with previous agreement, to be paid a certain number of days after the shipment has been forwarded. In other instances it may be used by the shipper as a means to hurry the payment of an account which has run beyond maturity. A documentary draft is one to which are attached the documents of title, the insurance certificate and such other of the papers referred to above in connection with an export credit as are required for clearance from the port of departure and entry abroad.

Drafts D/A or D/P. When a draft is marked with the letters, D/A, it signifies that the documents are to be delivered to the drawee upon acceptance; in the case of a D/P draft, the papers are to be withheld until payment is made. The latter usage is more frequent in the Far East, especially when dealing with native firms, but, as has already been mentioned, in the case of foreign houses of high standing documents are usually deliverable against acceptance. It should be indicated plainly on each draft which method is intended, so that the foreign bank may be in possession of definite instructions when presenting the instrument.

Methods of Collection. After an exporter has his draft and other documents in due form he may send them for collection directly to a bank at the point where his customer is located or deliver them to his own bank or one in a central city for forwarding abroad for the

Exchanrk. January 15th, 1919.

At si xchange (Second Unpaid)

pay to EW YORK

Five hu - - - - - - - - - - -

Value r

COMMISSION, STAMPS AS WELL AS INTEREST
M DATE HEREOF UNTIL ESTIMATED DATE OF
TANCE IN NEW YORK.

To Fre

lew York Drill Co.

by PRO FORMA
V.P.

... subject, however, to what occasionally results in a grave inconvenience, namely, no record of the directions is left with the banks connected with the earlier stages in handling the documents. This may be obviated by embodying the instructions in a letter of advice accompanying the draft.

Always Request Protest. Protest should be requested in every case, for by the law of many foreign countries this formality is indispensable for proving non-payment. This is

Methods of Collection. After an exporter has his draft and other documents in due form he may send them for collection directly to a bank at the point where his customer is located or deliver them to his own bank or one in a central city for forwarding abroad for the same purpose. In none of these ways does he realize cash for his goods until the return from the foreign bank of the advice of payment. Few except the largest exporters can conduct their trade profitably on this basis, hence such collections are few as compared with negotiated drafts covering export shipments.

Instructions on Drafts. When a draft is forwarded for collection, particular care should be taken to give explicit instructions so that persons handling the documents may know what action to take in any contingency that may occur. It is necessary, therefore, to: (a) indicate whether the draft is drawn D/A or D/P; (b) state whether, if the former, the item should be held for collection at maturity or returned; (c) name the rate of discount to be allowed for payment before maturity, for this option sometimes is exercised in the Far East; (d) specify what action should be taken upon non-acceptance or non-payment, for example, whether protest is desired and whether or not, in that event, the documents should be turned over to an agent of the manufacturer; (e) designate a person to be notified in case of non-acceptance, non-payment or other contingencies; such person is often described as the "in case of need"; (f) arrange for notification by cable when delay would cause serious loss. These directions are highly important especially in case of perishable goods. Banks do not assume responsibility beyond complying with the instructions of the shipper.

Send Letter of Advice. It is customary to incorporate such instructions on stubs or slips, which are readily detachable from drafts. This practice is subject, however, to what occasionally results in a grave inconvenience, namely, no record of the directions is left with the banks connected with the earlier stages in handling the documents. This may be obviated by embodying the instructions in a letter of advice accompanying the draft.

Always Request Protest. Protest should be requested in every case, for by the law of many foreign countries this formality is indispensable for proving non-payment. This is

especially important when a shipper contemplates offering his draft for negotiation. With respect to those localities in which neglect to protest the bill jeopardizes the right of recourse against the drawer, the bank may insist upon a waiver of the immunity from liability resulting from failure to protest; under any other conditions, it may refuse to handle the documents.

Watch In-Case-of-Need. The rights exercised respectively by the shipper's agent, named as the "in case of need," and by the presenting banks are regulated by written instructions and, to a certain extent, are modified by local custom. However, when the former has plenary powers the interests of the American bank that has negotiated the draft may be endangered, for the person designated may request the foreign bank to deliver the documents or accept part payment under conditions at variance with the original understanding between the shipper and the bank that advanced the money on the draft.

Negotiating the Draft. In the great majority of cases the exporter takes his draft with a complete set of documents to a bank and negotiates them for cash. Here, again, the shipper endorses the draft and other papers in blank, and the bank forwards them to its correspondent in the place where the foreign importer is situated or, if it has no such correspondent, to a bank that has one. As a rule American banks do not like to discount bills running over three months' sight. In case of goods sold on longer terms, the drafts may be sent forward for acceptance and return. The shipper then may hold them for negotiation three or four months before they finally mature.

Analyze Above Methods. It may be well to call attention to a distinction which exists between negotiating a draft and handling it in some of the other ways above described. When a foreign importer places cash or credit at the disposal of an American bank and the latter, complying with the instructions it receives, pays against documents delivered by the exporter, the transaction is not a purchase on the part of the bank referred to. The funds prior to the transfer belonged to the importer. Similarly, in handling a draft for collection, the American bank makes no payment to the exporter until advised that the sum involved has been realized

abroad. On the other hand, when a bank in the United States negotiates a foreign draft, in essence, it loans its own money to the shipper on the security of the latter's endorsement and of the value of the goods, title to which it holds in the shipping documents. The bank, in this case, relies upon its own judgment in determining the sufficiency of the papers, and forwards them with the necessary instructions to its correspondent abroad for collection.

Where to Negotiate. Negotiation of a foreign bill may be effected at a bank. If the institution to which the instrument is offered has no correspondents abroad, arrangements usually may be made with one that has. Such documents also may be negotiated with certain other financial concerns that maintain branches in the United States and in foreign countries. Moreover, firms dealing in commercial paper often buy foreign bills.

Export Acceptances. The rules of the Federal Reserve Bank make it possible to use a bank acceptance as a means of realizing on a foreign bill. The exporter may draw upon his customer abroad and present the draft to an American bank. With this bill and the accompanying documents as collateral, the bank then accepts a separate draft drawn upon itself by the shipper. This second draft, called an acceptance, may be discounted by the drawer in the open market or at the bank that accepts it. The documents with the foreign draft are forwarded abroad for collection through the usual channels. Meanwhile, the exporter has his money.

Documents with Drafts. The documents required in transactions involving the collection or negotiation of drafts are, in general, the same as those enumerated above in connection with an export credit. The restrictions as to whose order the instruments are drawn apply here as well.

Aid to Banking Service. For the shipper who contemplates offering his draft for negotiation, it may prove of interest to indicate the added protection which a bank acquires through the attention given to certain features connected with the documents and the effect of this protection upon the terms which his bank is likely to offer. Reference is made to the greater security which a financial institution obtains when the draft upon which it advances

money is accompanied by shipping documents in proper form and when these are rendered negotiable. Moreover an instruction D/P is preferred to one D/A. The advantage to the bank of requesting protest has already been pointed out, as has also the protection afforded by restraining sufficiently the powers of the "in case of need." The above factors are often within the control of the shipper, and the extent of the accommodation that will be allowed upon his documentary bills may depend in large measure upon whether the elements relating to the particular transactions are regarded by the bank as being favorable or unfavorable to its interests.

Who Pays the Interest? The question of who shall pay the interest charges is one that always should be settled between the buyer and seller before the order is executed. One must consider the number of days necessary for mail to reach the buyer and to return and, in case of a time draft, the period the item has to run. The practice in the Far East is not to add the interest to the face of the draft but to allow the local bank to compute and collect the interest at the time the draft is paid. Interest is included, of course, for the normal time required for the return of the remittance to New York.

Interest Clauses. It is customary to instruct a foreign bank to collect interest at a designated rate. When this is done, the request usually appears on the face of the draft in a form similar to one of the following:

> "Payable at bank's selling rate for sight exchange on New York with interest at 6% per annum from date hereof until estimated date of arrival of return remittance in New York."
>
> "Payable with exchange, commission, stamps and interest at 6% per annum, from date hereof until estimated date of arrival of return remittance in New York."

Selling or Buying Rate. The term, selling rate, embodied in one of the above quotations and often recurring in discussions on foreign exchange, indicates that the bank will demand in payment of the draft, which is drawn in dollars, such an amount in local currency as it would ask on that day for issuing a draft in dollars on New York. On the other hand the term, buying

rate, when referring to a draft on New York, indicates the amount a bank will pay in the foreign currency involved for a draft drawn in dollars on that city. In either case the rate varies, of course, depending on whether the item is payable at sight or on time and, if the latter, on the period it has to run before final maturity.

Exchange Difficulties. As bills of exchange relating to trade transactions with the Far East usually are drawn in dollars or some other medium more stable than local currency, the American merchant need concern himself little with rates of exchange as such. But fluctuations in the monetary values in certain of the countries in Asia frequently have involved inconvenience in making collections. The importer has been unable to figure definitely the cost of his goods, not knowing at what rate he will have to pay; and at maturity, in case the rate has changed to his disadvantage, payment sometimes is delayed. The shipper may guard against this and other difficulties by having it clearly understood that all drafts must be paid promptly and by stipulating on what basis the exchange shall be determined. This may be done by the use of such clauses as, "payable at the bank's selling rate for sight draft on New York," or "payable at the bank's selling rate for 90 days' draft on New York," or "payable at telegraphic transfer rate at drawee's option."

Who Pays Bank Charges? Bank commissions, like interest, are collected customarily from the buyer in the Far East. For bills forwarded for collection, the American bank usually charges ¼%. The commission of the foreign bank depends on local custom and the degree of accessibility or inaccessibility of the point where the collection is made.

Presenting the Draft. As has been indicated already, after the American bank has received the complete set of documents, whether for collection or negotiation, it forwards them with appropriate instructions to its correspondent at the point where the drawee is located. The foreign bank has no option but must comply with these requirements as stated. A sight draft is presented at once for payment, except in certain places where custom sanctions a delay of a few days or until the arrival of the goods. Time drafts are presented for acceptance and are held for collection at maturity unless the American bank has requested their return upon acceptance.

"Go-Downs" in Orient. In the Far East most banks maintain warehouses, called go-downs, where they store goods covered by the drafts which they hold against the local importers. By an arrangement adjusted to meet each set of conditions, this merchandise may be withdrawn a part at a time for sale or manufacture and the payments credited upon the relative documents.

Acceptance Charges. Foreign banks generally make a charge for presenting drafts for acceptance if the drafts are not left with them for collection.

Draft in Foreign Money. Occasionally the exporter, at the request of his customer, draws in a foreign currency, pounds sterling being the one most preferred. The American bank may forward the draft for collection or negotiate it. If the item is drawn in pounds sterling and is sent abroad for collection, the importer pays at the foreign bank's selling rate for a draft on London, which may be at sight or at 90 days, according to agreement. In case the bank in the United States negotiates the instrument, the exporter receives funds at once at the buying rate for time or sight drafts as the terms provide.

Interest and commission, in such cases, usually are not added as separate items but are considered in fixing the rate. However, in order that the seller may receive the full amount of his invoice, it is important that he first obtain from his bank a rate quotation so that the face of his draft will be sufficiently large to net the sum desired. This is especially pertinent when a bill is drawn in pounds sterling, as allowance must be made for the additional time for the instrument issued in payment to be forwarded to England and for the funds to be placed definitely at the disposal of the bank in the United States. Since 1914, dollar drafts have replaced sterling exchange to a certain extent.

Financing Import Shipments

THE MEANS whereby the exporter of the Far East may obtain payment for a shipment of goods to the United States are, in general, similar to those already outlined as in use for the opposite current of trade. It may be well, however, to describe one of these methods which is used extensively.

What Is Import Credit? A buyer may establish an import credit with an American bank. The latter issues a commercial letter of credit in duplicate to the importer who sends both copies to the foreign shipper. The exporter presents one of them with his draft and a full set of the documents enumerated in the letter to his local bank and obtains payment in his own currency at the day's buying rate on New York; a less frequent practice is to send the papers to the United States for collection. An import credit may be opened against a cash deposit or other security offered by the importer, or merely upon his signature to an application when the bank is satisfied of his financial responsibility. An application for import credit is reproduced on the following page.

Credit Made by Cable. In urgent cases, where time is limited, the bank sometimes cables the terms of the credit to its correspondent abroad and allows the latter to issue a letter of credit in duplicate to the exporter. Upon obtaining one of these, the shipper may negotiate his draft or forward it for collection in the same way as if he had received the letter directly from the United States. Simultaneously with the cable, the American bank by way of confirmation forwards the original and a duplicate of the letter of credit by different steamers to its correspondent with the request to deliver them to the beneficiary if, in the meantime, he has not exhausted the credit. The form of application for a credit by cable does not differ materially from one for a credit by mail.

Terms Are Specified. The letter of credit specifies the period of time during which it may be used, the terms of the draft, the documents to be presented and usually the nature of the goods. Like an export credit, of which, indeed, it is a counter-

APPLICATION FOR COMMERCIAL CREDIT

Irving National Bank
New York.

MAIL

No. D 2576.

Gentlemen:—

Please issue your irrevocable Letter of Credit on The Irving National Bank, New York.
in favor of Far East Export Co., Singapore, S.S.
for the sum of $50,000.00
to be drawn at Ninety (90) days sight
against Bills of Lading, Consular Invoice, Marine Insurance Certificate
SPECIFY DOCUMENTS
purporting to represent
Rubber.

Shipment to New York during January/February, 1919.
Insurance { Marine covered by the shippers.
War risk

IN CONSIDERATION THEREOF I/we promise and agree to pay you
In United States Currency the equivalent of the above amount or such portion thereof as may be drawn or paid upon the faith of said credit, together with the usual charges and I/we authorize you and your respective correspondents to pay or to accept drafts under this credit, if the aforesaid documents appear to be correct upon their face, or unimpeachable in the discretion of yourselves or your correspondents and agree to reimburse you in the manner aforesaid, even if such documents should in fact prove to be incorrect, defective or forged.

And I/we release you and your correspondents from all responsibility for General Order charges and other expenses, if through negligence of the shipper or other causes beyond their control, the shipping documents fail to reach destination in due time and such and any other expenses incurred by you or your correspondents concerning the above shipment will be borne by me/us.

And I/we hereby agree to deliver to you upon demand collateral security to your satisfaction, should the market value of the merchandise referred to herein suffer any decline, and also give you a lien on all property given to or left in possession of, or hereafter given or left in your possession, by or for my/our account; and also upon any present or future balance of my/our deposit account with you for the amount of any liability hereunder or otherwise to you.

Date January 9th, 1919.

Smith Rubber Co.
New York.
PRO FORMA
Vice-President.

APPLICATION for an Import Credit—To finance its purchases of East Indian rubber, this New York import house asks its bank to establish a confirmed credit in favor of its Singapore supply source. The form which the credit takes is shown on page 82. Notice that period and documents required are specified.

part, it may be confirmed or unconfirmed. The form taken by a confirmed import credit is shown on the next page.

Bank Charges Vary. The bank's commission varies with the terms of the draft, the nature of the goods and the other circumstances of the transaction.

Documents Necessary. As the documents are forwarded from abroad in duplicate and often arrive by separate steamers, action usually is taken by the bank in the United States upon receipt of one complete set. This embraces: (a) one copy of the draft; (b) one or two of the negotiable copies of the bill of lading; (c) one copy of the shipper's invoice; (d) one copy of the insurance certificate; (e) one copy of the American consular invoice and of any weight or inspection certificate or other paper required for entry or agreed upon by the parties.

Endorsed in Blank. The draft and bill of lading customarily are endorsed in blank instead of to order of the bank issuing the import credit. Occasionally, even when the bill of lading is not endorsed properly the drawee bank will accept the first copy of the draft presented, upon the written guaranty of the holder of the paper to reimburse the amount of any resulting loss.

Methods of Payment. When the draft is presented abroad in the first instance, the foreign bank which has negotiated or received it for collection sends it with the accompanying documents to its correspondent in the city of the bank issuing the import credit. The latter, if the papers are in due form, pays the draft if drawn at sight and charges the account of the importer or requests him to remit. In the case of a time draft, it is accepted and may be held by the presenting bank till maturity or discounted in the open market. Upon such acceptance the drawee bank is entitled to hold the documents until payment unless other terms are agreed upon. The importer is notified several days in advance to meet the draft on the day before it is due.

Import Trust Receipt. During the interval between the arrival of the goods and the maturity of the draft it is often to the advantage of the importer to be able to sell them

Irving National Bank

NEW YORK

New York, January 9, 1919.

Letter of Credit No. D 2576

The Far East Export Company,
Singapore,
S.S.

Gentlemen:

You are hereby authorized to value on The Irving National Bank, New York ----------
at Ninety (90) days sight ----------
for account of The Smith Rubber Company, New York ----------
for any sum or sums not exceeding in all Fifty Thousand and 00/100 Dollars ($50,000.00) ----------
to cover invoice cost of Rubber

to be shipped to New York during January/February, 1919.

The shipments must be completed and drafts drawn on or before February 28, 1919 The - - marine - - - - - insurance is to be effected by the shippers.

The Bills of Lading to be issued to order of Irving National Bank, New York, and one negotiable copy of each set with Consular Invoice to be forwarded to us immediately.

All the remaining Bills of Lading accompanied by abstract of invoice and Marine Insurance Certificate - - - - - -

to be attached to drafts and surrendered against acceptance or remitted direct to the drawees with advice of draft.

And we hereby agree with the drawers, endorsers and bona fide holders of the bills, drawn in compliance with the terms of this credit that the same shall be duly honored on presentation by above named drawees.

Drafts under this credit to contain the clause "Drawn under Credit No. 2576 of the Irving National Bank, New York, dated New York, January 9, 1919 ....." and to be noted on the back hereof at the time of negotiation.

Yours very truly,

PRO FORMA

Vice-President.

CONFIRMED Import Credit—Issued for the New York import house signing the application on page 80. Sent to the Singapore exporter who uses it as drawing authority, attaching the specified documents to his draft.

TRUST RECEIPT

New York, May 1st, 1919

Received in Trust from Irving National Bank, New York, the merchandise specified in the Bill of Lading per s/s "Far East"

S.R. 3081/3164 A	84 cases Rubber	S.R. 2121/2240 D	120 cases Rubber
S.R. 121/150 B	30 cases Rubber	S.R. 2961/3080 E	120 cases Rubber
S.R. 151/180 C	30 cases Rubber		

and in consideration thereof the undersigned hereby agrees to hold said merchandise in storage as the property of said bank, with the liberty to sell the same for its account, and to hand the proceeds thereof to the said bank to apply against its acceptance on account of the undersigned and under the terms of the letter of credit noted below; and further agrees to hold said merchandise and the proceeds thereof in trust for the payment of said acceptance and of any other indebtedness of the undersigned to the said bank.

The said bank may at any time cancel this trust and take possession of said merchandise or of the proceeds of such of the same as may then have been sold, wherever the said merchandise or proceeds may then be found; and all the provisions of this trust receipt shall apply to and be deemed to include said above mentioned merchandise if the same shall have been made up or used in the manufacture of any other goods or merchandise; and the said bank shall have the same rights and remedies against the said merchandise in its manufactured state, or the product of such manufacture, as it would have had in the event that such merchandise had remained in its original state, and irrespective of the fact that other and different merchandise is used in completing such manufacture. In the event of any suspension, or failure, or assignment for the benefit of creditors, on the part of the undersigned, or of the non-fulfillment of any obligation, or of the non-payment at maturity of any acceptance made under said credit, or any other credit issued by the said bank on account of the undersigned, or of the non-payment of any indebtedness on the part of the undersigned to the said bank, all obligations, acceptances, indebtedness and liabilities whatsoever shall without notice, mature and become due and payable.

The undersigned further agrees to keep said merchandise insured against fire to its full value, loss if any payable to the said bank, at the proper cost and expense of the undersigned, who hereby agrees to pay all charges for storage on said merchandise, or any and all other expenses incurred thereon.

It is further agreed that any failure on the part of the undersigned to fully carry out any of the provisions, terms or conditions of this receipt or agreement, or of the agreement under which the said bank issued the letter of credit by which the said merchandise was purchased, even if known to said bank, shall not be deemed a waiver of performance of any such provision, term or condition or otherwise by said bank, or a waiver of any of its rights or remedies under either said receipt or agreement or of the agreement under which the said bank issued the letter of credit noted below; and any waiver in order to operate as such must be in writing and also endorsed hereon and properly signed by the said bank and nothing in this agreement contained shall in any way effect, vary or impair any of the provisions of the letter of credit under which said merchandise was purchased, and of terms, conditions or provisions of the agreement under which said letter of credit was issued.

The undersigned hereby agrees to deliver to the said bank, upon demand, collateral security to its satisfaction, should the market value of the merchandise referred to herein suffer any decline, and also gives to the said bank a lien on all the property given unto or left in the possession of, or hereafter given or left in the possession of said bank, by or for the account of the undersigned, and also upon any present or future balance of the deposit account of the undersigned with the said bank, for the amount of any liability hereunder or otherwise of the undersigned to the said bank.

Amount $37,586.03 (Thirty-seven thousand, five hundred eighty-six and 3/100)

Under L/C No. D 2576 Dated Jan. 9, 1919.

Due Abroad

Due Here June 30, 1919. **PRO FORMA**

Trust Receipt given by importer in exchange for Bill of Lading, etc.

or transfer them where they may be used in manufacture. As this enables him to obtain funds to meet his obligation, the bank is willing to grant this privilege if its own interests at the same time can be protected. To effect this arrangement the ocean bill of lading and the other documents necessary for final release of the consignment from the steamship company and the custom house are delivered to the importer against a trust receipt. This instrument differs somewhat from the export trust receipt above described. It gives the bank direct control of the goods or their proceeds, and the degree with which this is exercised depends upon the responsibility of the person signing the receipt and the character of the merchandise. A typical import trust receipt is reproduced on the page preceding this.

Credit in Foreign Money. When someone desires to open an import credit in a foreign currency, the initial procedure is similar to that for one in dollars. The bank gives two copies of the letter of credit to the buyer to mail to the foreign shipper and forwards two additional copies to its own correspondent nearest where the exporter is located. The beneficiary then prepares a draft in the currency specified and presents it with the necessary documents to the correspondent named for acceptance and payment. If the bill is drawn in his local currency, the shipper receives the amount stated; if it is drawn in that of a different country, it is paid at the bank's buying rate for a draft on that country. Before the war drafts covering imports from the Far East usually were drawn in pounds sterling; now credits in dollars are preferred. When a bill drawn in a foreign currency is accepted abroad, as above described, the American importer is notified by his own bank to supply funds to meet it a sufficient number of days in advance to permit the bank to advise its foreign correspondent on or before the date of the maturity of the instrument.

Keeping Far Eastern Credits Safe

LACK of information and misunderstanding of credit conditions in the Far East have been two of the chief drawbacks to a more rapid growth of our commerce in that part of the world. Fortunately the truth concerning these matters is becoming more widely known and the difficulties surrounding the introduction of new lines of goods are growing considerably less. Credit men in the United States are learning that when the proper channels are approached they may obtain accurate information upon which to base credits, and that thousands of importers in the Far East are as worthy of credit as are well established, successful merchants in the same lines here in the United States.

Sales Without Credit. Other methods are available to the American producer for effecting a sale when he does not care to extend the credit requested or when for any reason he is unwilling to trade direct with the foreign buyer. For example, the order may be confirmed by a commission house of undoubted standing in New York or some other business center, or an arrangement mutually satisfactory to both parties may be made through a bank in the United States. For a description of the various methods used see the chapter beginning on page 63.

Delays on Reports. In general, however, reports concerning Far Eastern firms are difficult to obtain. Furthermore, a serious handicap arises from the delays necessarily incurred in receiving advices from such great distances. Investigations of all risks should be made at intervals, as changes which may seriously affect the customer's standing often occur. Credit reports from the Far East differ materially from those issued in the United States. They frequently are lacking in detail, but nevertheless are valuable. A thorough understanding of the system will make it clear that it is sufficient when a financial institution or prominent concern indicates its approval of a credit risk in a few words. Such concerns are loath to go into details and will hesitate to make more than a short statement regarding the reliability of a merchant. What they do say, however, can be taken at its full face value.

Your Sources of Information. Reports relative to houses in the Far East may be obtained from practically the same sources as those in the United States. They are as follows: (a) American banks having local correspondents; (b) foreign or American houses whose names are given as reference or noted by the salesman; (c) mercantile agencies, notably the Bradstreet Company and R. G. Dun & Co.; (d) foreign banks with whom merchants in the Far East have filed their references; (e) banks or financial institutions in the country where orders originate; (f) home offices of American banks with branches in the Far East; (g) business organizations, such as the Philadelphia Commercial Museum, the American Manufacturers Export Association, the National Association of Credit Men and other bodies; (h) express companies with foreign departments; (i) foreign trade papers and journals.

Reports of Agents. The reports of resident salesmen or agents regarding the credit standing of their customers are very important and should be insisted upon. By making inquiries on the ground, with special knowledge of the firm's desires a salesman can obtain facts which otherwise would not be available.

Constant Changes in Conditions. Numerous changes have been caused in Asia by the war. Although its immediate effect was disastrous in the case of many importers who had relied upon Europeans for financial accommodation, its ultimate effect was to place business upon a more solid foundation. Business men in the Far East have learned not only to depend more largely upon themselves and their own capital, but also that certain features of the European systems, which had seemed specially attractive, were beset with dangers even in normal times.

The terms granted often led to over-extension. European concerns in general, but especially some in Germany, sold on long terms, four to six months or even longer; with further extensions granted when payment was difficult. This led to abuses which were brought to a climax by the war, and many failures resulted.

American Terms. In most cases American exporters have preferred to sell for cash against documents or on shorter time than have their European rivals. Commission houses often extend very liberal credits but expect drafts to be paid at maturity,

usually at 30, 60 or 90 days' sight. American manufacturers who, without distinction, require cash against documents before goods leave the port of departure impose a serious handicap on the extension of their sales. Investigation will show that it would be perfectly safe to extend reasonable credits either direct to the importer or to his confirming house, or to take advantage of the facilities offered by banks in the United States. In the majority of instances in the Far East, documents are deliverable against payment. This is particularly true of native firms, but in the case of English and other foreign houses of high rating, terms by which documents may be delivered against acceptances are granted frequently.

Few Open Accounts. Credit on open account need scarcely ever be given in Far Eastern countries, as practically every importer has credit arrangements whereby his orders will be confirmed by a house located or represented at New York or some other large American city. Open accounts, however, are used by a few large concerns which have established correspondents.

Salesmen's Errors. Many errors in extending credit are due to the fact that good judgment is not shown in opening the accounts. The small retail merchant should be solicited only after the salesman has assured himself of the buyer's ability to pay promptly. The difficulties of legal collection are serious, hence dealing with firms of doubtful credit standing should be avoided.

Government Credit. Government credit varies quite to the same extent as that of mercantile houses. Many countries in the Far East are able not only to meet their obligations but to demand discounts. In the case of others, it is necessary to be cautious. Especially is this so when dealing with local or municipal governments. The manufacturer who obtains business from these sources should satisfy himself beforehand as to the manner in which he is to be paid and not rely exclusively upon the judgment of the salesman. If it is necessary to accept bonds in payment, their marketability should be carefully considered. It is strongly recommended that bankers who specialize in foreign securities be consulted in these matters. Attention may well be called at this juncture to the fact that in India the government orders are placed almost invariably for goods manufactured in Great Britain and her dependencies.

How to Quote Prices, Terms and Discounts

IN QUOTING prices, terms and discounts to the Far East, exact and specific statement of the facts is an important requisite. Buyers are located at great distances from sellers, and it is essential that they be able to determine definitely from the manufacturer's terms just what the proposition is. Certain words and terms with well defined meanings in the United States often convey different ideas to foreigners, and for this reason the exporter should take care to express clearly and concisely exactly what he means to say. For example, when quoting a price by the ton, it is important throughout the Far East and especially in the English possessions to add "of 2,240 lbs." or "of 2,000 lbs." according to the intention and not simply to say "per ton." Similarly, always quote "per 100 lbs." or "per 112 lbs." and not "per cwt." (See the following chapter, page 91.)

Conditions of Sale on Price Lists. Many successful exporters take the precaution of printing on the backs of their quotation sheets general conditions of sale elaborated with great care to meet all probable contingencies. The following points, frequently included in such a statement, illustrate the extent to which these authorities deem it necessary to enter into detail in order to avoid misunderstandings. Under each topic given the seller states what he does or does not undertake to do and describes the various rights and obligations that may arise under the contract. A list of the matters referred to follows: (a) delivery, this subject is treated from the points of view of the different terms of sale, for example, f. o. b., f. a. s. and c. i. f.; (b) routing, freight rates and insurance; (c) consular documents; (d) delays in manufacture or delivery; (e) partial shipments; (f) what action the seller shall take in the absence of shipping instructions from the buyer; (g) inspection; (h) damage in transit, claims and drawbacks; (i) terms of payment.

Policies on Prices. Attractive prices are quite as essential in winning trade from the Far East as in developing business in any other part of the world. The prudent manufacturer will not seek to exploit the Asiatic buyer but will endeavor to offer inducements that will result in mutual advantage. Many authorities

hold the opinion that concessions in prices should be made when it is necessary to meet foreign competition. They also assert it to be a wise policy to quote lower prices for export than for domestic trade, when such quotations will permit the continuous operation of a mill or factory. The exporter, however, is cautioned against quoting prices indiscriminately, especially to jobbers and retailers, when he is endeavoring at the same time to extend his trade with wholesale and importing houses. The reasons are obvious.

Dollars or Pounds? Some successful export firms make it a practice to quote in pounds sterling for the English colonies and in dollars elsewhere in the Far East; others, on the contrary, prefer to give prices in the latter currency throughout the entire territory and hold that this practice will continue to be the better policy for an indefinite period to come. Whatever may be the relative merits of the two methods from the point of view of practicability, it would seem to be desirable for American manufacturers to take every opportunity to extend the use of dollar exchange.

Changes in Prices. A complaint urged more strongly and more frequently against the American manufacturer than against his European competitor concerns the changing of prices and quotations. Asiatics, particularly when located in the interior, base their estimate of costs on numerous factors in addition to the first price. These embrace freights (steamship as well as railroad), port charges, duties, brokerage fees and sundry other items. Fluctuations in exchange are significant in some countries; in others, notably in India, where they almost invariably are for the account for the buyer, they need not concern the American exporter. Having made their calculations, based on a particular quotation, the foreign customers are seriously inconvenienced if upon receipt of the order they find that a change has been made. This sometimes results in the complete withdrawal of business because the price is too high for profit.

If the exporter foresees the possibility of an increased cost in production, he may protect himself by specifying a time limit during which his quotations will hold, and if he values his future trade he should adhere to the prices thus given. This period should be ample to allow for the receipt of his letter abroad and for the return of the reply to the United States as well as for a reasonable time for consideration by the prospective purchaser.

Simpler Discounts. The granting of discounts is dependent upon the character of the merchandise. In certain lines, where they are particularly complicated, a simplification would stimulate trade with the Far East. However, a system of discounts is frequently desirable in order to provide profits for the various persons concerned in the sale. These may include: (a) general sales agent; (b) wholesale importer; (c) local distributor; (d) retail merchant. Sometimes it is necessary to make allowance also for a wholesale commission house or export agent. Cash discounts should not be quoted with the price but reserved for consideration in connection with the terms of payment, and no discounts at all should be published in catalogues. Exporters in certain lines, for example, sundry steel products, are of the opinion that, where Americans are in competition with foreigners, it is generally advisable to use English lists in quoting discounts to their customers in the Far East.

Separate Price and Discount Sheets. List prices, however, should be printed in catalogues. But in certain trades, where these books are likely to be consulted by the various agencies engaged in the sale and even perhaps by the consumer, it is better to supply prices as well as discounts on separate sheets not included in the catalogue. Another advantage of this practice is that price revisions can be made without destroying the old catalogue or issuing a new one. Lists of articles withdrawn from sale can be included with these revised lists of prices.

U. S. Retail Prices. Catalogues and circulars showing the prices at which articles are retailed in the United States often may be sent with advantage to the importer in the Far East. If the prospective business in a certain country warrants it, the printing of a small circular containing the American prices and the equivalents in local currency may prove helpful, but no prices in the latter should be stated by the manufacturer without consultation with the foreign dealer handling his line, as the retail prices in the foreign country concerned must be based upon the actual landed cost of the article with freight, duty and profit added.

Selling and Shipping Terms Defined

BECAUSE of their longer experience and careful study of foreign trade problems, many European houses have had an advantage over American manufacturers. Their attention to details has been particularly noticeable in their quotations. Prior to the war the importer in the Far East was able to induce his European correspondents as a rule to quote prices based on the cost, insurance and freight (c. i. f.) or on the cost and freight (c. & f.). This was particularly true of staple goods. With the outbreak of hostilities, however, the scarcity of cargo space, the additional risks of war and the advances in insurance made it more difficult to obtain such quotations. When trade is again normal, there may be a tendency to return to the conditions that prevailed before August 1, 1914. Serious effort, therefore, is required by the American manufacturer in order to match and surpass his foreign competitors in this field.

Take No Chances. Many of the abbreviations used by manufacturers in the United States in quoting prices are apt to be interpreted in various ways abroad where foreign merchants consider quotations from all quarters of the globe. Controversies frequently spring up solely from a mistaken understanding as to the terms of sale. The utmost care should be exercised to render a quotation so explicit that no other meaning is possible than the one intended. Some suggestions for avoiding such difficulties are given below in connection with the definitions of the terms used. (Other suggestions may be found in the chapter entitled, "How to Quote Prices, Terms and Discounts," page 88.)

F. O. B. Shipments. In domestic trade, f. o. b., free on board, is taken generally to mean that the goods are delivered with charges paid on board the cars at the place of manufacture. Abroad, however, and particularly in English possessions, the initials standing alone convey the meaning, free on board vessel at the port of departure. To avoid misunderstanding, therefore, it is well to use a more specific term, f. o. b. factory, or f. o. b. vessel New York, or f. a. s. (free along side) vessel New York. When either of the last two phrases is used, the shipper should investigate carefully the

costs incident to cartage, lighterage and other harbor charges. Carload lots are entitled to free lighterage at New York if the inland bill of lading is plainly marked thus: "lighterage free." The term, f. o. b. factory, or f. o. b. mill, is used often with the same meaning as f. o. b. cars works, but the one last given is preferred by numerous exporters.

F. O. R. or F. A. S. Some inland American manufacturers quote prices f. o. b. New York and mean delivery free at a railroad terminal at that point. It may be observed, however, that such a quotation is considered in many quarters abroad to be the equivalent of f. o. b. vessel New York, or f. a. s. vessel New York. To avoid this confusion, experienced exporters, when intending to deliver a consignment only as far as a railroad terminal in the harbor where the goods are to be loaded, employ the letters, f. o. r., free on rails, and add the name of the port. Often the phrase is amplified further thus, f. o. r. New York, cartage to vessel extra.

Define F. A. S. The abbreviation, f. a. s., free alongside, means delivery alongside the vessel or at the wharf or other customary place of receiving goods destined for shipment by the vessel. Ordinary merchandise then is loaded by the ship's stevedores or the customary tackle. In the case of large shipments or unwieldly articles, for example, locomotives, extra charges are made for loading and unloading, and these are taken into consideration by the steamship line in quoting the freight rate. In this connection it is wise to call attention to the fact that certain foreign houses understand f. a. s. to mean free aboard steamer. Too much precaution cannot be taken in making quotations wholly free from misinterpretations.

C. I. F. Shipments. The term, c. i. f., cost, insurance, freight, indicates that the shipper pays for covering the consignment with suitable insurance and defrays all inland and ocean freight charges, including transfer to steamer, to the port of destination named in the bill of lading. It excludes foreign duty and the various charges at such port, as well as consular fees for legalizing invoices or other documents required by the laws of the country of destination. To avoid misunderstanding, it is well to state specifically the nature of the insurance intended, for example, whether with or without particular average and whether the peculiar risks incident to the line of goods shipped are expressly to be covered, and how much additional insurance—usually ten to fifteen per cent of the invoice

value—is included to cover the delivery cost of the consignment at its port of debarkation.

When quoting a price w. p. a., it is often desirable to add the percentage of loss, usually 3% or 5%, that must be suffered before a claim will be allowed. The quotation, c. i. f., is the one most preferred by the foreign buyer the world over as it relieves him from the hazards incurred in figuring on items concerning which it is difficult for him to obtain accurate information. Among these may be mentioned the freight and other expenses from the American factory to the seaboard and the ocean rates, which often cannot be known in advance. The importer thus is left to calculate merely the charges at the port of entry and the cost of inland transportation, when this is necessary. As the exporter assumes the risk of an increase in the cost of the various items embraced in the term, c. i. f., a time limit often should be placed on the price quoted.

C. & F. vs. C. A. F. The quotation, c. & f., has the same meaning as c. i. f. except that the insurance is not placed by the seller. In export trade, it is well to avoid the use of the letters, c. a. f., to express cost and freight, for the French customarily employ them when quoting a price based on cost, insurance and freight. Otherwise, the buyer may misunderstand you.

Your Responsibility. Under a c. i. f., or a c. & f. quotation, the seller is bound to deliver the merchandise aboard the steamship. His obligation is fulfilled when he renders to the buyer or to his authorized agent, for example, a bank, a complete set of shipping documents, including, in the case of a c. i. f. quotation, negotiable insurance certificates. The carrier is regarded as an agent of the buyer, and the seller is not responsible for the arrival of the goods at destination nor for loss or damage in transit. It may be observed, in this connection, however, that a bank usually will not accept a through railroad bill of lading or one issued by an express company or freight forwarder, unless specific instructions to this effect are received from the consignee.

Term Free Harbor. A quotation naming a port of entry thus, free Bombay harbor, should be distinguished from the phrase, c. i. f. Bombay. The need for this distinction is apparent in case unforeseen expense is incurred during the voyage, such as transshipment at a port to which the vessel repairs after becoming un-

seaworthy through accident. With a price, c. i. f., the exporter is under no liability to pay this additional charge or to see that the goods are transshipped and forwarded to destination. When he sells, free Bombay harbor, however, he assumes both these obligations.

C. I. F. & E. The quotation c. i. f. & e. means that exchange will be for the account of the exporter and thus, together with the insurance and freight charges, added to the cost in arriving at the price. It is seldom employed in the Far East, practically never in India, as the exchange is customarily for the buyer's account.

C. I. F. C. I. The c. i. f. c. i. basis of price, embracing collection charges and interest as well as the cost, insurance and freight, is one commonly used in the Far East. It is a basis of payment not very difficult to arrive at, since all the factors can be determined beforehand or else estimated so closely as to leave small margin of possible loss incident on delays.

The fact that it is favored by Far Eastern importers should commend it to the attention of American houses seeking outlets in the Orient, since the more willing American merchants and manufacturers show themselves to meet the terms offered by European export houses, the fewer obstacles they will encounter in establishing themselves in Oriental markets. The same rule applies to all the more complex terms defined in this chapter: the more accommodating the American exporter proves himself to be, within the limits of complete safety and sound business practice, the more easily he will solve his larger selling problems beyond the Pacific.

Documents Needed for Export Shipments

THE PROCEDURE attending the actual transfer of a shipment from the point of origin to the ocean freighter is simple, but the preparation of the papers required by the various parties interested in the transaction, before the documents are finally in hand and the vessel cleared, involves certain formalities which require strict observance. A general outline of the steps to be taken and a brief description of the documents referred to are given below. More details may be had of forwarders and other similar agencies.

End Export Licenses. Since the beginning of the war, the first matter engaging the shipper's attention has been to obtain a Federal export license. Information concerning the articles affected and the procedure to be observed has been supplied by the War Trade Board and various other sources. The details are omitted here as it is anticipated that the regulations will be abolished with the conclusion of the peace negotiations.

Cargo Space and Rate. Arrangements regarding rates and the necessary cargo space should be made either directly or through one of the agencies above enumerated.

Get Shipping Permit. The steamship company then issues a shipping permit, which shows the date and time when the consignment will be received at the pier and a description of the goods. (A specimen permit is reproduced on the next page.)

The Export Declaration. The consignor or his agent thereupon prepares a shipper's export declaration and swears to it before the appropriate official in the custom house. Among other details, this declaration enumerates the ship, the marks and numbers of the packages, the kinds of goods, their values, the destination and the export license number, when one is required, with its expiration date. This form must be prepared in quadruplicate for all merchandise shipped to the Far East, except for shipments in transit through the United States from one foreign country to another; and in duplicate for merchandise shipped to the Philippines and

TO THE RECEIVING CLERK, PIER #1 E.River NEW YORK, January 2nd. 1919.

RECEIVE FROM F.C.Supply Co.

FOR S. S. Graafaxe SCHEDULED TO SAIL ON January 6th, 1919.

FOR Kobe

TO BE DELIVERED January 4th, 1919.

QUANTITY	PACKAGES	CONTENTS	QUANTITY	PACKAGES	CONTENTS
20	cases	Face Cream			

This permit is issued upon the following terms and conditions:

1. No goods received after 5 P. M. two days prior to scheduled sailing of steamer. Shippers' attention is called to the necessity of making delivery within the time specified in this permit.
2. No goods received unless accompanied by this Company's form of Dock receipt properly filled out.
3. Freight rates are adjusted on the basis of a valuation not exceeding $100 per package; if the value of the goods exceeds such valuation, the same should be declared and a rate of freight based thereon BE ARRANGED AT TIME OF TAKING OUT THIS PERMIT, otherwise the goods are received subject to the regular bill of lading provision limiting the value to invoice cost not exceeding $100 per package and no change will be made therein.
4. The Steamship Company's regular bill of lading shall be issued for the shipment and shippers are understood to have acquainted themselves therewith. The Steamship Company shall not become responsible for the goods as carrier until the goods are actually loaded on the Steamer; until such loading it shall be liable only as an ordinary bailee, for loss or damage caused by its fault, and subject also to all conditions, exceptions and limitations of liability contained in its regular bill of lading.

SHIPPERS DECLARATION NO. 6874263

EXPORT LICENSE NO. 56908

PAN-ASIAN STEAMSHIP COMPANY
44 WHITEHALL STREET.

PER PRO FORMA

Shipping Permit issued by steamship company to exporter.

ORIGINAL

No. N 500

PAN-ASIAN STEAMSHIP COMPANY
44 WHITEHALL STREET. NEW YORK

New York, January 4th, *19* 19.

Received *in apparent good order, from* F. C. Supply Co.,

for shipment by the S. S. Graafaxe *to* Kobe

at the shipper's risk from fire, flood, or other causes beyond our control, and subject to the conditions expressed in our steamer form of Bill of Lading, including liberty to substitute any other steamer.

In view of war conditions steamer has liberty to proceed via any route to destination and to deviate in the course of the voyage or to remain in port as master may deem best in his judgment.

MARKS AND NUMBERS	DESCRIPTION
R M 57 44309 Kobe #1/20	Twenty (20) Cases Face Cream 1760 lbs. Each Case 10 x 15 x 17" = 1 6 Total 30 cft.

EXPORT DECLARATION NUMBER 6874263

EXPORT LICENSE NUMBER 56908

PRO FORMA

Receiving Clerk

GROSS WEIGHT OF EACH PACKAGE MUST APPEAR ON THIS RECEIPT.
PORT OF DESTINATION MUST BE MARKED ON EACH PACKAGE.

N. B. Bills of Lading accompanied by sworn Clearances must be presented not later than one day before date of sailing. When PARCEL RECEIPT is desired, notice to this effect must be given to Receiving Clerk.

Attention of Shippers is called to the U. S. Revised Statutes, No. 4288.

"Any person or persons falsely claiming the Ship or Vessel, Wherein the Same Belongs to a Citizen, or to Any Citizen of the United States, or to Any Company Association or Corporation in the Same, or Any Part Thereof, or Any Goods, Wares or Merchandise to be Imported, or Any Part Thereof, Shall Forfeit the Same, and Double the Value Thereof, to be Recovered, and Shall be Liable to the UNITED STATES in the Penalty of $1,000."

Dock Receipt issued by steamship company when shipment is delivered.

U. S. TREASURY DEPARTMENT
Customs Cat. No. 7525.
T. D 35969.—FORM WTB 105.

This space for use of Customs.

No. 6874263

(Code No. Dist.) (Port)

SN

Of Merchandise of the U. S.

Clear Customs.
Ut.

Goods shipped by

Address 1 Br (Number) From St.Louis,Mo. (Place of original shipment)

Via St.L. &.M. an American (Carrier from interior port, give name, motive power, and flag if known)

From New York (U. S. Customs port of e) , Japan. (City) (Country)

Shipper.

address #1 Broadway
for customs purposes in the exportation of the within-desc

To the Collector: I hereby au

(Refer to the second page following.)

refined in the United States should
7. The value of articles to be s of shipment for exportation.
8. Description of articles exp ods, groceries, meats, machinery, millinery, etc., will not filled or unfilled, oleomargarine whether colored or unco
9. The kind of packages as be specified.
10. The total quantity of each ards, gallons, etc., must be stated. Domestic spirits exporte
11. The country of final dest e shown. Special care should be exercised to state the fin s to be transshipped in the United Kingdom, the Netherla
12. Inspection certificates.—P by certificate of purity issued by the United States inspect Collector for meat and meat food products exported when
13. Export schedule B may be merce, Department of Commerce, Washington, D. C., and
14. Sale and printing of blan ustoms at the price of 25 cents per block of 100. The exp strictly to the official form in width, wording, color, and

DNS.

· at shipping point.

ıipped to a foreign destination except shipments in transit
luplicate for merchandise shipped between the United States
, four copies of this form must be presented to the collector
and one copy and deliver the other two copies to the shipper.
:r the other copy with the goods to the inspector of customs
·d to the steamship company must accompany the goods on
ɔfficer with the manifest at the port of discharge. The copy
ications of short shipment, etc., must be delivered to the
ırance.
ediately above goods shipped thereunder.
ɔort license must be inserted after each commodity in the

. on the high seas, the articles, quantities, and values, and
hom transferred or delivered, must be stated on this form.
ɔn a through bill of lading, the shipper must prepare the
in duplicate for shipments between the United States and
.pany the shipping papers to the port of exportation. If
to or mailed separately to the consignee at the seaboard.
ıt not the carrier's extract, in a sealed envelope addressed
t of sealing noted on the declaration and deliver it with the
rd for transshipment and exportation the shipper may mail

r must immediately deliver the original declarations, sealed
o will retain the original and certify the extract and return

ıiving goods destined for foreign countries or noncontiguous
ɪ, as clearance will not be granted until the export decla-
o the vessel's manifest or car manifest or copy of waybill

. foreign port, the owners, shippers, or consignors of the
ions) of the cargo or the parts thereof shipped by them
larations) shall specify the kinds, quantities, and values of
200, Rev. Stats., U. S.)
out delivering manifest and obtaining clearance, the master
y such offense. (See sec. 4197, Rev. Stats., U. S.)
(See sec. 1, act March 3, 1893.)
: four copies and the oath be taken on the original before a
st be signed by the shipper, but the oath may be omitted on
ion is executed by an agent for the shipper the authority
he Collector. The values and names of shippers may be
t must always appear on the original and the copy for use
nd will be treated as confidential and information not dis-
statistics are compiled from these declarations and all data

ɔroduced, or manufactured in whole or part in the United

gin shipped out of the United States in the same condition
ɔreign articles are subjected to any process of manufacture
and must be reported as such. Thus: Imported raw sugar

other non-contiguous territory of the United States. When merchandise is shipped to a foreign country the collector of customs retains the original and one copy and returns the other two copies to the shipper. The latter then delivers one of these copies to the steamship company and the other to the inspector of customs at the dock when the goods are delivered there for loading. This latter official makes appropriate notations on the copy he thus receives and hands it to the master of the vessel, who attaches it to the ship's manifest and obtains therewith final clearance from the port. (A shipper's export declaration is attached to this page.)

Inspection Certificate. For process, adulterated or renovated butter and for certain meat and meat food products, inspection certificates must also be delivered to the collector with the export declaration. Such certificates are required in many cases before entry will be permitted in certain ports of the Far East.

Signed Dock Receipt. After the goods are delivered at the wharf for loading and the shipping permit handed to the steamship company's receiving clerk, the latter signs the dock receipt and returns it to the representative of the shipper. (A typical dock receipt is reproduced on the opposite page.)

Steamer Bill of Lading The shipper then prepares the required number of copies of the steamship bill of lading and presents them together with the dock receipt at the office of the steamship line. The number of copies varies from three to eleven, depending upon the needs of the steamship company, the exporter, his banker and the transcontinental railroads in cases where freight is forwarded via the Atlantic or Pacific coast on through bills of lading to the Far East. Only the signed copies, usually two or three in number, are negotiable and these constitute what is called a "full set." Negotiability is usually effected by drawing these documents "to order" and by having the shipper endorse them in blank. In such cases, to avoid delays, the name of the actual consignee often is written on the margin of the bill with a request that he be notified upon the arrival of the goods. During the war, goods shipped to certain points in the Far East had to be billed to specific consignees, but it is expected that this restriction will be removed after peace is signed. (A specimen bill of lading is attached to the second page following.)

Railroad Bill of Lading. In the case of certain classes of goods of inland origin it is well to obtain through bills of lading over one or another of the transcontinental railroads to the Atlantic or Pacific seaboard and thence to the foreign port desired. Some of these lines operate their own or chartered steamers and are thus able to offer satisfactory service. On the other hand, individual attention in the matter of obtaining the best ocean rates and of seeing that the shipment is not neglected at the port of departure is regarded as important by many experienced American manufacturers. When the goods are shipped on a railroad through bill of lading, it is desirable to stipulate in the insurance certificate that they are covered against loss, whether they go forward by a designated vessel or not, since delay on the railroad or at the port of departure, or some other reason, may prevent the shipment from being loaded on the boat named. If the goods eventually go forward by a different vessel, the insurer should be advised promptly.

Ocean Bill of Lading. A steamship company may issue its through bill of lading covering a shipment from the port of departure to the final destination, but during the war many lines have not granted such documents beyond the actual port of call where transshipments are necessary. When such a bill of lading cannot be obtained, rates and information concerning the best way to forward the goods to the ultimate point usually may be had from the steamship company or a forwarding agent.

Banks May Require Steamer Bills of Lading. It may be well to call attention at this point to a particular feature of certain bills of lading and to the relation that it bears to the attitude of the bank to which such documents may be presented. A bill of lading issued by a railroad or express company, or by a freight forwarder, does not show that the goods described are actually on board the ocean vessel. Unless a bank has specific instructions to accept one of these documents, it may refuse to handle the transaction until it has secured possession of the steamship bill of lading.

Forwarding Agent May Issue Bill of Lading. As has been stated previously, freight forwarders, and to a less extent some express companies, act as agents for dispatching shipments at the seaboard. If a consignment is sufficiently large a

and condition
Graafax
l, Suez Canal

steamship bill of lading is obtained in the usual manner. If it is small, the agent combines it with others in his care and prepares a bill of lading in his own name, consigned to his own agent at a foreign point that is located conveniently for distributing the various lots of merchandise. In this case the forwarder issues his own bills of lading to the respective exporters and they receive the goods from the former's correspondents abroad.

Invoice Instructions. The preparation of the invoice is an important essential in the upbuilding of export trade. The consignee often is located thousands of miles from the point of origin and may have no means other than the invoice for checking a shipment. In view of this fact the value of good invoicing is apparent. Instructions from the foreign buyer regarding these documents at times may seem trivial but they should be complied with in the most careful manner. The invoice usually is issued in triplicate. (A copy of an invoice is reproduced on the next page.)

Seven Invoice Rules. A few rules observed by successful exporters are given for the guidance of those contemplating entering the field of Far Eastern trade.

(1) Avoid abbreviations and trade terms; always write full descriptions.

(2) Be specific; state the exact character of the goods; when an article is trimmed with another material be sure to specify both.

(3) With minute accuracy give the number, kinds and weights of the various packages, specifying the three dimensions of each and stating the markings thereon. The metric system is used for the French possessions but elsewhere in the Far East the English weights and measures are current.

(4) Calculate the discounts, when granted, so that the net costs will appear clearly with each extension; use the dollar sign with all prices, extensions and footings.

(5) Indicate the terms upon which prices are based, for example, c. i. f. Yokohama. (See page 92 for definition of this and like terms.)

(6) The invoice should bear the name and signature of the exporter, the name and address of the customer, the

F. C. SUPPLY COMPANY

NO. 1 BROADWAY, NEW YORK

CABLE ADDRESS: "FREAM," NEW YORK

FOR A REPETITION OF THIS ENTIRE INVOICE CABLE US THE WORD ROLS
FOR REPETITION FOR ANY PART OF THIS INVOICE CABLE US THE WORD OPPOSITE THE ARTICLE TO BE ORDERED

NEW YORK, January 6th, 1919

No. of P'k'ge. 20 — *Sold to* Reizo Matsuoka. — *Inv. No.* 23809

Shipped S/S Graafaxe

Terms 90 d.s. D/P — Kobe Japan — *Insurance* effected.

MARKS	QUANTITY	DESCRIPTION				
R M		Your order #908	U.S.currency		$	
57		20 Cases each 88-77 lbs.10x16x17"				
44309		each containing 12 dozen jars				
Kobe	240	Dozen jars Mikado Face Cream				
#1/20		White @ $ 3.00	$720	00		
		Less 15/1%			$605	88
		- - - - - - - - - - - - - - - - - - - -				
		Cartage			5	00
		Ocean freight			45	00
		Certificate of origin			2	35
		Clearance,export license, etc			2	00
		Inland freight			12	90
		Marine insurance on $825 @ 2¾%			6	19
		War risk insurance @ 10¢				83
		Storage whilst awaiting shipment.			4	50
					$685	65
		E. & O. E.				
		F. C. SUPPLY CO.				
		PRO FORMA				
		- - - - - -				
		Vice President.				

EXPORT Invoice—Issued in triplicate. Two copies forwarded to the buyer by different steamers. Notice that all the significant facts are set down for the buyer's information: steamer name, number of packages, terms, insurance, marks, quantity, importer's order number, discount, cartage, storage and other charges, and net amount due. Even a code word is supplied for the shipment.

number or date of the latter's order and the route of shipment with name of steamer.

(7) State whether insurance has or has not been placed.

Code Word for Invoice. To facilitate quick reference and repeat orders, it is useful to give a code word for the entire invoice and also a separate word for each item. In addition to the standard codes there are others that readily may be adapted for export use in a particular trade. Many exporters employ private codes prepared especially for them.

Who Signs the Invoice? The invoice should be signed always by one having authority to use the firm or company name. As a means of showing a customer in the Far East that his business is receiving personal attention the signature of a member of the firm or of a principal officer is highly complimentary.

Statement of Charges. In addition to the price of the goods there are other charges which must be considered in ascertaining the cost to the buyer. Among these often appear such items as the inland and ocean freights, cartage to the steamer, insurance premiums, consular fees and export boxing charges. Sometimes these expenditures are enumerated on the commercial invoice, but certain shippers prefer to list them on a separate one, called a statement of charges.

Insurance Essentials. The shipment always should be covered against the general risks encountered at sea, and in the case of certain lines of goods, or of merchandise which might be injured by climatic changes or subjected to other hazards, for example, pilferage or breakage, specific clauses should be inserted in the certificate to meet these contingencies. Insurance may be obtained from the point of origin to the ultimate destination and usually is effected by the shipper. A certificate issued in his name is endorsed in blank if negotiability is desired. When the buyer attends to the matter, he notifies the consignor of the name of the American agent of the company with which the insurance is placed and the agent issues a cover note. This is not a negotiable instrument and does not give the holder any right to collect in case of loss but is a mere advice that the shipment has been covered. (This subject is treated

more fully in the chapter on insurance. See page 109. A specimen certificate of insurance under an open policy is attached to page 111.)

Other Papers Needed. There are various other documents which enter into the exporting routine, some of which are required in particular lines of trade, and there are others which are to be recommended highly because they indicate courteous regard for the interests and convenience of the foreign buyer. It is well, for example, to advise the customer, in a separate letter, of the mode of shipment and of the arrangements made for insurance and collection. Often a packing list is prepared which gives the information concerning weight, measurements and rates contained in the invoice but arranged so that one may see at a glance the particulars with respect to each package.

Shipments in Bond. Liquor, tobacco and certain other products subject to a stamp tax under the American internal revenue laws may be manufactured in the United States and shipped abroad without paying the tax by the delivery of a bond to the Federal authorities. Similarly, a bond may be given to cover imported goods, which, if placed in a bonded warehouse, can be exported without the payment of duty.

Drawbacks on Exports. Refunds of duties collected on imported materials or on products therefrom are paid promptly by the government where such materials or products are used in the manufacture of articles exported. Similarly, when domestic alcohol enters into the production of goods exported, the tax paid on such articles may be recovered. Many exporting manufacturers fail to demand drawback because they are unaware of the foreign origin of some of the materials they use. Much sugar, for example, refined in the United States is produced from imported raw sugar upon which a duty has been collected; drawback is recoverable when this commodity is exported or incorporated into articles exported.

The purpose of the government in enabling the American manufacturer to use foreign materials practically free of duty is to place him in a position where he can compete in the world markets on a footing of equality. A manufacturer now using wholly domestic materials may find it advisable, at least for his export business, to change to an imported variety, procuring it either directly from abroad

or on the market in this country. Often it may prove advantageous to request those producing goods to use materials entitled to drawback and thus reduce the export cost. It is not necessary that the goods be manufactured in bond.

Securing a Drawback. Rates for the allowance of drawback are established by the government upon application of the manufacturer. Opportunity then is accorded by the latter for verification of the relative facts. The details generally are attended to by persons specializing in customs drawbacks.

Foreign Requirements. Except where otherwise indicated, the documents described above are general and relate to the steps to be taken by the shipper to dispatch his merchandise from an American port and to obtain clearance for the vessel upon which it is loaded. The procedure to be observed in securing entry for the goods into the port of destination necessarily varies in different countries. In general, however, it may be said that the formalities in the Far East are considerably less than those which obtain in Latin America and certain other parts of the world. Although these restrictions do not become operative until the shipment is presented for discharge abroad, the failure to comply with certain of them is attended with such grave consequences that steamship lines often will not sign the bill of lading unless the necessary papers are presented in due form before the ship clears.

Consular Invoice Visé. For certain goods consigned to the French possessions in the Far East, the shipper must swear to a consular invoice before a notary and have it viséed at a French consulate in the United States. It may be written in English, only one copy is required, and it embodies the essential details given in a commercial invoice except that the weights of the items are omitted. The consular fee is $2.50. (A specimen copy is reproduced on the following page.)

Certificate of Origin. Through a conventional tariff the duty on certain merchandise imported into Japan may be reduced by means of a certificate of origin, sworn to before a notary public and viséed by the Japanese consul residing in the district where the goods were produced, manufactured, purchased or

FACTURE CONSULAIRE

Consular Invoice

Nous soussignés JOHN SMITH , Agent for
The undersigned (Owner or Agent, or &c.) (for)

NEW YORK DRILL CO. 1 BROADWAY, NEW YORK *Déclarons*
(Name and address of Owner or Shipper) Declare

que les Marchandises ci-après désignées,
that the following mentioned goods

NOMBRE DE PAQUETS OU COLIS OU CAISSES Number of Packages, Boxes or Cases	MARQUES Marks	NOMBRES Numbers	VALÈUR Value	DESCRIPTION
1	F C	1	$500.00	15/16" TWIST
	5			DRILLS
	D CO			
	SAIGON			
	#1			

et embarquées sur le S. S. "PACIFIC"
And shipped on the S. S. (Name of Ship)

à la date du 6 JANUARY *adressées à M. M.* FRENCH COLONIAL DRILL
on the date of (date) consigned to (Name and Address of Consignee)
CO. SAIGON , COCHIN -CHINA

Prêté serment devant moi,
Sworn to before me

ce 2 *jour* JANUARY
this day of

1919

PRO FORMA

sont le produit des Etats Unis d'Amerique.
are the product of the United States of America.

et que la valeur ci-dessus declarée est correcte.
and that the value above given is correct.

Fait à New York le 2 JANUARY 1919
Dated at New York on the (date)

PRO FORMA
(Signature)

CONSULAR invoice for shipment to French Indo-China—Must be signed and attested before a notary and viséed by a French consul. This consular invoice serves as a certificate of origin also.

shipped. The consular fee is $2.00. The instrument may be prepared in English; only one sworn copy is necessary for forwarding abroad, but the consul requests in addition a plain copy for his file. Similarly in the case of certain articles shipped to the French possessions in the Far East the maximum rate of duty may be avoided by swearing to a certificate of origin before a notary public and having it viséed by a French consul. The instrument may be written in English, only one copy is required and the consular fee is $2.40. A certificate of origin, whether Japanese or French, contains the essential details of a commercial invoice except that the values are not given. Both the gross and net weights are stated. (A specimen Japanese certificate is reproduced on the following page. The French certificate is similar to the French consular invoice on the opposite page, except that weights are given and not values.)

Philippine Certificate. To avoid the payment of customs duties on American goods imported into the Philippines, the commercial invoice must carry a certificate guaranteeing the American origin of the goods and testifying that no drawback has been or will be claimed. The wording of this certificate is as follows:

> "I hereby certify that the above described articles are the growth, product or manufacture of the United States, or its possessions, and that no drawback of import duties has been or will be claimed thereon, and that this invoice is true and correct in all particulars."

This exemption is not available for rice. The invoice should be prepared in duplicate and embody the usual details concerning each item of merchandise including both weight and value. The certificate on each copy must be signed officially and in ink by the manufacturer, seller or consignor or by an authorized agent. Both invoices are then mailed to the consignee who files them with the customs officer in the Philippine port of entry. In order to obtain free entry for the goods, they must be covered by a bill of lading issued in American territory and showing a through shipment from some point therein to a destination in the Philippines; this is especially important for consignments routed through Canada or Mexico.

Philippine Drawback. When a drawback is claimed for a shipment to the Philippines the package must be marked conspicuously thus: "Drawback Claimed."

* Insert here "partner" or "manager" etc., according to the fact.
† Insert here "Shippers," "owners" or "manufacturers," etc., according to the fact.
‡ Insert here "products" or "manufactures," according to the fact.

Declaration and Oath as to American Products or Manufactures Exported to Japan.

MARKS	NUMBERS.	No. OF PACKAGES.	DESCRIPTION OF ARTICLES	QUANTITIES OR WEIGHTS.	PLACE OF PRODUCTION OR MANUFACTURE.	PLACE OF SHIPMENT.	DATE OF SHIPMENT.
R S 57 44309 Kobe #1/20	1/20	TWENTY (20) CASES	WHITE FACIAL CREAM	1760 LBS.GROSS 1540 LBS.NET	ST.LOUIS,MISSOURI	NEW YORK, NEW YORK	JANUARY 6,'19

UNITED STATES OF AMERICA

STATE OF New York
COUNTY OF New York
CITY OF New York } ss

I John Doe do solemnly, sincerely and truly swear that I am* Vice-President of F.C.Supply Co. office at 1 Broadway City of New York State of New York U.S.A. † Manufacturers of the above described articles, consigned to Reizo Matsuoka of Kobe Japan, per S.S. Graafaxe to leave the port of New York State of New York on or about January 6th, 19, that all the said articles are respectively, truly and bona fide the ‡ manufactures in each case of the place above mentioned in the United States of America, and that in all other respects the foregoing statement as to said articles is true to the best of my knowledge and belief.

Sworn to before me
this 4th day of January 19 19.
[L.S.] PRO FORMA
Notary Public.

Certificate of Origin required for Japan. Invoice shown on page 100.

PRO FORMA
(Signature of person making the Declaration.)

INVOICE OF MERCHANDISE ACT
FOR THE PHILIPPINE

New Yor

Invoice of Drawing Paper

by Philippine Paper Co., *of* M

from New York Paper Co., *of*

to be shipped per s/s "Pacific"

Marks and Numbers.	No. Pkgs.	Description.	Impor Gross Weight.
P P			
3	1	3-1/2 reams Whotman's	352 lbs
		Drawing Paper	
C O			
Manila	1	2-1/2 reams Whotman's	250 lbs

Special Invoice required for goods exceeding $100 in va

(107)

this 2nd

3—904 Co.

18

* Insert here "partner" or "manager" etc., according to the fact.
† Insert here "Shippers," "owners" or "manufacturers," etc., according to the fact.
‡ Insert here "products" or "manufactures," according to the fact.

Declaration and Oath as to American Products or Manufactures Exported to Japan.

MARKS	NUMBERS.	No. OF PACKAGES.	DESCRIPTION OF ARTICLES	QUANTITIES OR WEIGHTS.	PLACE OF PRODUCTION OR MANUFACTURE.	PLACE OF SHIPMENT.	DATE OF SHIPMENT.
R S 57 44309 Kobe #1/20	1/20	TWENTY (20) CASES	WHITE FACIAL CREAM	1760 LBS.GROSS 1540 LBS.NET	ST.LOUIS,MISSOURI	NEW YORK, NEW YORK	JANUARY 6,'19

UNITED STATES OF AMERICA

STATE OF New York
COUNTY OF New York
CITY OF New York } ss

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Sworn to before me
this 4th day of January 19 19.
[L.S.] PRO FORMA
Notary Public.

Certificate of Origin required for Japan. Invoice shown on page 100.

PRO FORMA
(Signature of person making the Declaration.)

INVOICE OF MERCHANDISE AC
FOR THE PHILIPPINE

New Yor

Invoice of Drawing Paper

by Philippine Paper Co., *of* M

from New York Paper Co., *of*

to be shipped per s/s "Pacific"

Marks and Numbers.	No. Pkgs.	Description.	Impor Gross Weight.
P P			
3	1	3-1/2 reams Whotman's	352 lbs
		Drawing Paper	
C O			
Manila	1	2-1/2 reams Whotman's	250 lbs

Special Invoice required for goods exceeding $100 in va

(197)

this 2nd

3-904 Co.

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PORTER.

, 1919.

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CUSTOM-HOUSE INDORSEMENT.*

No.

Importer,

Vessel,

From

Arrived

KIND OF ENTRY:

MARKS, QUANTITY, AND CONTENTS:

Sending Foreign Goods to the Philippines. When a person in the Philippines obtains foreign goods by actual purchase to the value of over $100.00 from a seller in the United States, a special form of invoice is required. It is made in triplicate, signed by the purchaser or seller or the agent of either and sworn to before any one of certain United States officials. (A form is attached to this page.) When a consignment consists of both American and foreign products the articles, if not separately invoiced, should be segregated and their origin clearly indicated on the invoice, the former by the certificate described on page 105 and the latter by the notation, "foreign goods."

Other Requirements. Some countries of the Far East require that an inspection certificate from the United States authorities be obtained for certain goods before their importation will be allowed. In many countries the importation of certain articles is prohibited absolutely and there are other commodities that may be entered only when officially authorized or licensed, or when consigned to designated individuals, or when brought in for government use. In many cases there are special regulations concerning the form or number of invoices or of bills of lading. Furthermore, marks showing the origin, or labels indicating the analysis and quantity of specified articles, are demanded in certain countries, and there are numerous other restrictions applicable only to particular goods. It is manifestly impracticable here to enumerate the various details. Other information concerning these requirements is found in the chapters devoted to the separate countries. For further details, inquiries may be addressed to the various consulates or to the Bureau of Foreign and Domestic Commerce, at Washington. Standard shippers' manuals are often useful for consultation in this connection.

Dispatching Documents. Whether the documents are forwarded directly by the shipper or by a bank or some other agency through whose hands they pass, it is of the utmost importance that they be dispatched by the same steamer that carries the shipments or, if it carries only freight, then by the first mail steamer thereafter. If this is not done storage charges may accrue at the port of destination, for the merchandise usually cannot be removed from the warehouse without the delivery of a bond and such procedure is costly and extremely annoying to the customer. The

failure of prompt arrival of documents also may have grave consequences in case of loss or damage to cargo, because the steamship company does not hold itself liable for claims thus arising when the papers do not reach port before a certain period, usually three weeks, after the goods are put on the wharf.

Documents for Import. In addition to the general shipping documents above described the only instruments required for import that need engage our special attention are the Federal import license and the consular invoice. The regulations indicated above concerning an export license apply also to an import license and no further details need be given here.

U. S. Consular Invoices. Before a shipment leaves any foreign port bound for the United States, a consular invoice must be sworn to in triplicate or quadruplicate at the American consulate nearest to the point where the goods are assembled for export. There are two forms and they vary slightly depending upon whether the goods have been purchased or are sent on consignment. In both cases they recite the usual details given in a commercial invoice and the fee in each instance is $2.50. If, upon arrival of the shipment, the relative consular invoice has not yet reached the American port of entry, arrangements usually may be made for the release of the merchandise pending the receipt of the document by executing a bond to the customs authorities. (A specimen import invoice is attached to the opposite page.)

INVOICE

Straits	$ 66207.56		
		G. $37586.03	
			aid G. $4572.47

CUSTOM-HOUSE INDOR

No. .....

Importer, ...

Vessel, ...

From .....

Arrived .....

KIND OF ENTRY

MARKS, QUANTITY, AND C

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FORM No. 140.

CONSULAR CERTIFICATE.

(*Date*) February 21st, 1919

I do hereby certify that the invoice described in the indorsement hereof was this day produced to me by the signer of the annexed declaration.

I do further certify that I am satisfied that the person making the declaration hereto annexed is the person he represents himself to be, and that the prices given in the invoice agree with the actual market value or wholesale price of the merchandise described in the said invoice in the principal markets of the country at the time of exportation, excepting as noted by me upon said invoice, or respecting which I shall make special communication to the proper authorities.

I further certify .....

that a fee of $2.50 United States gold, equal to $4.50 (Local currency.) *has been paid by affixing stamps to the duplicate copy of this document.*

Witness my hand and seal of office the day and year aforesaid.

Insurance—Marine, Pilferage, Damage, War

TO RETAIN the good will of a foreign customer it is of great importance that insurance be provided that will cover him against any loss or damage that may occur to the shipment prior to delivery at the warehouse at the port of destination. By referring to the list enumerated below and to page 114 one may understand the nature and extent of some of the risks incurred. Goods in ocean trade must be handled so often, owing to transshipments, and under such varying conditions that the matter of their insurance is of more consequence than in the case of domestic transportation.

Risks are Numerous. The possibilities of loss are numerous, depending to a considerable degree on the character of the merchandise to be insured and to what point consigned, but the following may be considered as the most important contingencies:

(a) Loss of vessel or cargo or both through stranding, sinking, fire or collision.
(b) Loss or damage caused by shifting of cargo, by seawater from heavy weather or by fire or flood on shore before loading or after discharge.
(c) Theft or pilferage before loading, on board, while loading or unloading, in custom house or in transit to the interior.
(d) Breakage from any cause, partial loss during transshipment.
(e) War risks afloat or ashore, including strikes and civil riots.

Is Construed Literally. A policy of marine insurance does not cover every loss that may occur unless expressly so written. It is highly desirable that a proper understanding of the limitations and conditions of the insurance be reached by all interested parties, so that subsequent controversies may be avoided.

Amount of Insurance. The amount of insurance should be sufficiently large fully to meet every eventuality. Usually ten per cent. and often a higher percentage above the invoice value is necessary to protect the owner of the goods in his profit as well as against loss through expenditures incurred in the course of the transportation or delivery. Sums paid for foreign duties, port dues

and other charges, for example, frequently can not be recovered because they were not taken into consideration in fixing the amount at which the insurance should be placed.

Policy For Pilferage. One of the causes of frequent complaint, chiefly on account of bad packing, is theft or pilferage. Insurance covering such risks usually is obtainable. It is important that as much care as possible be taken to make the package thoroughly secure and to have it wholly free from any markings that might indicate the contents and tempt to theft.

Is War Risk Obsolete? It is only at exceptional times that insurance against war risk is required, and that is when two or more sea powers are at war. Under such circumstances the loss may come from destruction by mine, explosion or the act of a belligerent, as well as by capture or seizure.

Open Policy Convenient. One of the simplest and surest methods of providing insurance is by a contract open policy, which is an agreement between the shipper and the company, whereby the insurance is arranged automatically on each lot of merchandise. The assured engages to report each shipment to the company which, on its part, agrees forthwith to protect him under the terms of the contract. When the foreign buyer has an open policy and desires the shipment to be insured thereunder he notifies the exporter and names the company with which the insurance is to be placed; the agent of the latter upon receiving this notification from the shipper delivers to the latter a cover note. As has been stated already, this is not a negotiable instrument and does not give the holder any right in case of loss, but is a mere advice that the shipment has been covered. This form of insurance, however, should not be allowed unless the terms are f. o. b. shipping point.

Marine Certificates. Insurance on shipments is effected by means of separate documents known as certificates. This is true both for ordinary and open policy contracts. The form is the same in each case except that the certificate for particular insurance bears no policy number and is countersigned by an agent of the company, whereas one of the other variety shows the policy number and is countersigned by the assured. In both events

CERTIFICATE OF

$ 825.

THE SEVE

INSURANCE COMPAN

42 Broadway, N

MARINE DEPART

This is to Certify, *That on the* 6th

insured under Policy No. M158001, *made for*

Eight hundred twenty-five

on Twenty (20) cases Face Cream

to pay the insured value of any package or packages which

> may be totally lost in loading, transshipment or discharge, also any loss of or damage to the interest insured which may reasonably be attributed to fire, collision or contact of the vessel and/or craft and/or conveyance with any external substance (ice included) other than water, or to discharge of cargo at a port of distress, also to pay landing, warehousing, forwarding and special charges if incurred."

Under this clause, it is not necessary to prove that the loss or damage was caused directly by any one of the three first-mentioned casualties, but if a fire on board or a collision occurs, claim will not rest on the insurer unless it can be attributed reasonably to one or the other disaster, or to the discharge of the cargo at a port of distress. In the latter case if it is necessary to pay landing, warehousing, forwarding or special charges of any sort the insurance company is responsible under its contract.

Specialized Knowledge. Owing to its many complications, shippers usually do not handle their marine insurance without expert assistance. Often it is found advisable to employ a broker to negotiate with the underwriters. If given full particulars of the merchandise to be shipped, its susceptibility to damage, and the requests made by the consignee, he will see that proper protection is obtained and at satisfactory rates.

How to Make a Claim. Immediately after the damage is discovered, notice should be given to the nearest agency of the company issuing the insurance or, if no such agency is available, the nearest Lloyds agent should be requested to examine the merchandise and give his certificate of damages. This document, together with the insurance certificate, all the negotiable bills of lading endorsed in blank, a certified copy of the invoice, a certified copy of the master's protest, the port warden's certificate and in some cases a certificate of the selling value of the goods, is then forwarded to the party entitled to collect the claim. The practice of looking exclusively to the insurer for recovery and of neglecting to make any claim against the carrier or whoever else might be responsible tends to operate to the disadvantage of the owner of the goods. If the claims last referred to were followed up more generally and shippers were more inclined to co-operate with them, the insurance companies might look with more favor upon the constant pleas for lower rates.

Problems in Packing for Export Trade

SCIENTIFIC packing, which plays so important a role in export trade, is a problem for the specialist and the expert, and only the broadest generalizations can be included here. The following sources give instructions in full:

(a) "Exporters' Encyclopaedia." Gives general rules for packing and exact routes to be followed in shipping.

(b) Bureau of Foreign and Domestic Commerce. The Central Office at Washington and any of the branch offices give specific instructions through their agents.

(c) Foreign Trade Bureaus. These Bureaus are maintained by Chambers of Commerce, Export Associations, etc., and they always are ready to give specific information when required.

(d) Foreign Trade Departments in Banks. Practically all large American banks have Foreign Trade Departments that can furnish information or direct the exporter to sources where it can be found.

(e) "Packing for Export." This pamphlet, issued by the Department of Commerce, as No. 5 in its "Miscellaneous Series," contains suggestions regarding the preparation of American merchandise for shipment to foreign countries based upon a compilation of reports from American consular officers. Some twenty-five pages are devoted to proper packing of goods to the Orient. Introductory chapters deal with marking of shipments, consular regulations, methods of transportation, relation of packing to customs duties and climatic conditions which must be considered.

(f) "Practical Exporting," by Mr. B. Olney Hough. Contains chapters on "Proper Shipments," "Making the Shipment" and "Marine Insurance."

"Negative Advertising." Faulty packing has been so flagrant in a few cases that a prejudice has arisen against American packed goods. To overcome this prejudice, whatever the basis of fact that supports it, the greatest care is essential. The De-

partment of Commerce has made a special study of the various criticisms, that have been offered, with the conclusion that many of the defects have been overcome but, wherever this has not been possible, that in many instances there has been a definite loss in trade. Consuls in different countries have sent in reports as to definite requirements and have co-operated in every possible way with American manufacturers and exporters to do away with improper packing.

Fixing Responsibility. Manufacturers who export direct usually take pains to pack their goods properly. If they deal through export commission houses or agents, it is best to have a definite understanding in regard to whether goods are packed for exporting or require repacking at the shipping port. Lack of co-operation between these two centers probably is the cause of a great deal of trouble in the past. It is obvious that shipments to interior cities of India or China, for instance, require an entirely different type of packing from shipments for an American town.

Poor Transportation. Transportation within the United States is comparatively simple. The problem of transporting goods to the Orient is complicated, and involves a knowledge of distances, methods of loading and unloading, conditions on wharves at landing point and a means of further transportation into the interior. Very few steamship offices have mechanical loading and unloading devices that reduce to a minimum rough treatment in the transfer of goods from pier to steamship, and again from steamship to lighter or to pier. The goods seldom are handled by the ship's crew, but generally by longshoremen, who pay very little attention to the safety of the cargo. The loading is done by means of the sling, pulley or rope. Usually no attempt is made to protect goods that are poorly packed; a weak case will sometimes be buried under a weight of hundreds of pounds.

Inland Transportation. The package reaches the ultimate consumer in the Far East by a variety of methods; usually it is carried inland by native carriers—men, donkeys, mules and camels. The weight should be adapted to the capacity of the carrier used. A man can carry 90 pounds, a donkey 100 pounds, a mule 100 to 150 pounds and a camel 400 to 500 pounds. These estimates are based on the supposition that packs are divided into two

reasonably equal parts. Consideration for the agents in this final stage of your transportation system also eliminates or reduces danger of breakage when badly balanced loads upset.

Size and Weight. The steamship company charges either according to weight or measurement, whichever nets the greater return. Consequently it is well to make the shape of the package conform as closely as possible to the minimum space in which it is to be stowed. Weight often determines customs duty and unnecessary packing should be avoided. Waste material, or what is commonly called stuffing, should be used sparingly, since ocean freights are calculated on weight and cubic contents. If care is exercised in the selection of cases or the building of crates there will be no great need for employing such methods of "filling out."

Labels and Marking. In the choice of symbols used, the determining factors are: quick identification, abbreviations, secrecy. When the importer gives definite instructions regarding either packing or mailing, these instructions must be followed because they are based on a more definite knowledge than any which the exporter may have. Such signs as "handle with care" or "this side up" are useless in China and other countries where the illiterate coolies handle the goods, since they never take the trouble to read them, even granting that they could. To guard against thievery and pilfering it is well not to specify too definitely on the outside of the cases what their contents are, especially where there is danger that they may lie for days or weeks at a time on open wharves or piers. The exporter should be familiar with the marking regulations demanded by foreign customers. Proper attention to marking would eliminate delays in shipment and losses through non-deliveries.

Climatic Considerations. In sending goods to the Far East, the climate is one of the most important factors. In addition to the dampness of the sea air on the voyage, there is danger of damage from prevailing moisture in tropical countries. Sometimes shipments are landed on open piers or wharves and exposed to rain or the hot tropical sun for days and weeks at a time. Even when the outside covering is intact and waterproof, it sometimes happens that moisture penetrates inside packing, especially in cases where the product was not dry at the time of packing.

Tropical heat and moisture and various forms of animal and vegetable life continually menace different kinds of goods. A cheap quality of paper, for instance, only lasts a few years in India. Leather, textiles, tin, tobacco and books bound with ordinary paste frequently are attacked and ruined by mildew and fungoid growths. Even where tin linings give protection to articles of this kind against wetting from without, the exporter should exercise the greatest care in the use of sheetings, paper or straw for internal packing.

The English as well as the Europeans in general have devised effective protection of goods by the use of waterproof linings, zinc or tin lined cases. The most desirable wrappings are oilcloth, burlap and waterproof paper. The expense involved in the use of these wrappings can be offset by the importer who often can resell them.

Attractive Packages. In addition to care in boxing and packing it is necessary to insist on attractive labeling and wrapping of goods intended for foreign markets. In the Orient, many customers are very exacting in this respect. The Chinaman has been known to refuse to accept a package wrapped in a paper of a color different from that to which he is accustomed; his prejudice against the use of green and black paper, for instance, is understood when we recall the fact that green and black are considered as most unlucky colors in his native land. Neat and secure wrapping, especially in a case of small parcels, is a good incentive to further trade in the particular brand of articles in question.

Serial Numbering. When shipments contain many cases it is important that every case bear a number and that this be noted on the invoice. When this is done it is easy for the consignee to check the consignment and to discover possible shortages. For instance, serial marking should be used when component parts of a machine or article are packed in different cases. This distinguishing feature will make it possible to assemble them easily and quickly at their destination. It is an additional safeguard against loss of packages on the way.

Consignee's Marks. Consignee's marks may be applied in various ways. It is customary to use initials in order to prevent competitors from ascertaining the destination of shipments. Sometimes a number also is used, this being either the number of the

order or one arbitrarily adopted to identify the merchandise. (For all details, see "Packing for Export," Miscellaneous Series No. 5, Government Printing Office, Washington, D. C.)

Individual Requirements. The Far Eastern field is so large that any details regarding individual requirements, that is, requirements relative to special kinds of goods or instructions that apply only to certain countries, cannot be included in this brief survey. The American exporter soon learns, for example, that his is the only large exporting country whose goods require trans-shipment in being sent to India; also he gradually comes to realize the importance of care in shipment of machinery when different parts are packed in separate boxes. Sizes of packages may be unsuitable for the interior transportation facilities peculiar to certain countries; he may find that he is paying unnecessarily high customs duties because he has not exercised precautions in shipping to countries that distinguish between net and gross weight in their tariff regulations; he may have forgotten or never learned the disadvantages of having a fragile or badly packed piece of goods take a tumble the height of a coolie's head or shoulders.

The suggestions made in this chapter are by no means inclusive, but merely point the need for extreme care and precaution in the science of packing goods designed for remote regions. Whenever a reliable and well-known customer sends instructions they should be followed to the letter for the consignment in question; later, other possibilities may be taken up, when the peculiarities of the situation are known to the shipper as well as to the consignee.

Care Needed in Dispatching Shipments

IF THE exporter's factory or warehouse is located at the port of departure or if he has a representative there, his own employees can prepare the necessary documents and attend to forwarding the goods. But as the procedure involves considerable detail, many manufacturers, especially those situated inland, prefer to entrust the handling of their shipments to persons specializing in such matters.

Public Forwarders. A brief list of the more important agencies experienced in foreign freight forwarding is given below, together with an outline of the services they perform.

(a) *Foreign Freight Agents of Railroad Companies.*

The growth of the foreign trade of the United States has compelled many transportation companies to enlarge their facilities for attending to export details. The trunk lines terminating in the Atlantic or Pacific ports are well equipped in this respect.

(b) *Express Companies with Foreign Freight Departments.*

Some of the express companies that are doing a large business abroad include freight forwarding in their service. Their foreign departments are well organized and able to handle shipments of any size with care and expedition.

(c) *Steamship Lines.*

Many of the more important ocean lines for some time have been following the policy of forwarding goods consigned to their care and have considerable experience in handling such matters.

(d) *Foreign Freight Forwarders.*

One of the chief agencies available to the shipper in sending his goods abroad is the foreign freight forwarder. Many of these concerns are exceedingly large and the business has increased rapidly. The larger forwarders maintain agents in the chief cities of the United States, including those on the Atlantic and the Pacific coasts, and also at various points in all parts of the world. They are thus often in a position to reduce expense to the exporter by advising from which port the most favorable ocean rate may be obtained and to show him how to forward shipments to foreign points beyond the ports of call of the direct steamship lines.

What Services Does a Forwarder Give? The assistance given by a freight forwarder embraces the following: (a) expediting the movement of a shipment from point of origin to final loading on board vessel; (b) arranging for cargo space and insurance; (c) attending to necessary papers for clearance; (d) preparing and forwarding shipping and financial documents; (e) advancing freight, insurance and other charges; (f) chartering vessels.

Forwarding Charges. Forwarding agents, as well as others who attend to dispatching shipments, usually charge a fee for their services which, although it varies according to the work involved, is nearly always a nominal one. This is, of course, exclusive of actual expenditures made in behalf of the exporter for insurance, cartage, consular fees, freight and other charges.

Caution Advisable. Some forwarders are more reliable than others, and considering the confidence necessarily reposed in the one selected, care should be taken to choose only from those of high standing. It is the practice of concerns of doubtful rating to take advantage of the ignorance of manufacturers located in the interior. Whereas the methods of such agencies eventually are brought to light, until they are exposed they nevertheless constitute a source of considerable annoyance to the shipper and to his buyer.

Two Freight Systems. Ocean freight is fixed in various ways, but the general rule is that heavy goods are charged by weight and light goods by measurement. When the latter basis is used extreme dimensions invariably are taken, even strips of wood attached to the outside of containers being measured for this purpose. The quotation, "per ton, weight or measurement, ship's option," indicates that the rate will be applied either per ton of 2,240 lbs. or per ton of 40 cubic feet according to which will net a greater return to the steamship company. The long ton usually is employed in this connection and invariably so in the British possessions. In the Far East the term, "net weight," indicates the weight of the goods in their original containers; the "gross weight" is that of the package as shipped. Articles of unusual value considering their bulk are charged an additional rate based upon the value if this is declared and the liability of the steamship company is thereby increased to the amount stated by the exporter.

Where Obtainable. Ocean freight rates may be secured from the following: (a) in the interior, from railroad or express companies and, in the larger cities, from branches of steamship companies or freight forwarders; when full information is not in their possession agents will wire; (b) at the seaboard, from freight forwarders or steamship companies.

What is Primage? Some ocean rates are net, others are subject to an increase of 5% or 10%, which is known as "primage." The term formerly referred to money given to the captain or crew to insure special attention to one's cargo. The practice of adding primage as a separate item gradually is disappearing, the amount being included in the rate.

Favorable Rates. Steamships are not always available. As a result freight rates fluctuate greatly. Due to competitive conditions, a knowledge of the shipping situation is essential if the minimum rate is to be secured. Because they are in touch with the market and are important buyers of cargo space, forwarders usually can command the lowest rate for any shipment they are handling. They often are able also to offer lower rates than the shipper can find elsewhere by allotting to him space for which they have already contracted at figures below the current market.

Minimum Charge. Steamship lines usually fix a minimum amount for which they will issue a bill of lading. Here, again, the ocean freight forwarder has a valuable service to offer. By making a combination shipment of several small consignments and having his representatives distribute each to its proper consignee, he is able to reduce the expense to all his clients.

Direct or Indirect? Transshipment is necessary for many points in the Far East; for others, one has an option to select between a direct and an indirect route. The competition between the lines serving the ports last referred to tends to equalize the freight rates. When satisfactory terms can be obtained it is advisable to consign by a direct steamer, for transshipment may cause damage to the goods or unforeseen delay in reforwarding. The ocean bill of lading provides that such risks are borne by the shipper, but they can be covered in the certificate of insurance.

Freight Prepayment. Advance payment of freight charges invariably is demanded on shipments to the Far East. Unless otherwise provided for, freight and other forwarding expenses are included as items in the invoice sent to the customer.

Rates to Inland Points. Importers or agents at the ports of entry usually are able to secure better rates for shipping to inland points than can be obtained by the exporter in the United States. Moreover the details incident to landing and prompt forwarding can be attended to more readily by representatives of the buyers abroad. Unless specifically otherwise requested the goods should be consigned only to the seaport most convenient to the ultimate destination. Rates and information for forwarding inland may be obtained from a steamship company or a forwarding agent.

Routing Economies. The saving in time and money to the foreign buyer effected by planning an economical routing will repay the most careful study. After the ocean line has been selected, whenever there is a choice of railroads to the port of shipment, place the consignment with the one that has a terminal in proximity to the dock where the steamer will load, thus minimizing transfer charges. This is especially important in such harbors as New York where the transfer distances are considerable and the means of transport are not always available.

In determining what ocean routes are open, the standard exporters' and shippers' hand books are of great assistance. These are annual publications, however, and for years to come, changes in steamer routes, sailings and rates are likely to occur at frequent intervals. The only way to insure your shipping at low cost, therefore, is to keep watch of all important changes or check up rates and sailings before each shipment. Part of the service rendered by public forwarders and transportation agencies is keeping the shipper informed so that he may take advantage of every favorable development. Much information of this sort is also supplied by magazines and newspapers specializing in export trade news and by national and local business associations maintaining foreign trade divisions.

Follow Instructions. Every suggestion from the Asiatic importer, especially with reference to the port of entry, should be accorded the greatest respect. In this connection it

should be noted that, during the period of uncertainty brought about by the war, some steamship lines have not issued through bills of lading when transshipment is necessary and that, at certain ports, namely, Singapore, Penang and Hong Kong, transshipment in the period referred to is allowed only in the case of articles billed to a named consignee and provided it can be shown that the products are for consumption in the destined countries and are not to be reexported. These restrictions are mentioned because they are still in force and because it is not certain how long they will continue so.

Free Lighterage. Export shipments in carload lots are granted free lighterage at New York if the inland bill of lading plainly is marked, "lighterage free." It is of advantage to add the words, "for export," for then the railroad company is entitled to hold the goods without charge for a longer period than it could hold a domestic shipment without imposing demurrage.

Changes in Routes. The war has caused several modifications in routes to the advantage of the American manufacturer. Holland, for instance, is to a less extent a port of transshipment or call for points in the Dutch East Indies, direct service now being available either from New York or San Francisco. Direct routes have been established also to the Philippines. Moreover it is expected that within a year after the terms of peace are concluded additional vessels flying the American flag will be on the trade routes to the Far East. Additional information concerning changes in routes may be had of steamship companies and freight forwarders.

Express and Parcels. Small express and parcel shipments are handled economically by freight forwarding concerns because of their ability to accept and combine small packages to fill the space available to them under contract as above explained. As a consequence, the charges made by such agencies for limited consignments are often less than the amount quoted by a steamship line for a minimum bill of lading.

Foreign Deliveries by Parcel Post

IN keeping with our new ambitions to extend American trade into every potential foreign market, the Post Office Department early this year made elaborate plans for the improvement and expansion of the international parcel post. More and more we are recognizing its possibilities as a trade developer. In its function of delivering samples alone, it becomes a commercial traveller soliciting orders. As an efficient means of delivering small and valuable articles, it embodies a promise of success in the establishing of permanent business connections.

Defects of Our System. In contrast with the parcel post systems of Great Britain and leading European countries, our own is sadly deficient. England, for instance, has conventions with 109 countries or colonies where we have not. According to official reports of the U. S. Post Office Department, we maintain service with about fifty countries and colonies. Canada and Cuba lie right at our doors, yet we have no parcel post interchange with them, nor with British India, Persia, Russia and numerous other countries. Our shippers have been forced to resort to more indirect and expensive means, such as sending goods to British ports for forwarding through the British parcel post system. From England, Germany, Holland and Belgium, merchandise can be forwarded by post C. O. D. to remote countries, at low cost to the buyer and with little risk for the seller. As yet we have no arrangements whereby goods can be sent by mail C. O. D. to foreign points.

Handicaps on Trade. Where we have no parcel post conventions, the limit in size for postal delivery is four and a half pounds. If an exporter wants to send a three-pound parcel to Calcutta from New York, he has a choice between sending it by express at a cost of $2.12 or by first class mail at a cost of $1.56. The package would go from London to Calcutta for twenty-four cents.

Our foreign parcel post rate has been uniform at 12 cents a pound or fraction thereof with the limit of weight uniform at 11 pounds. The limit of size is uniform at 3 ft. 6 in. greatest length and 6 ft. greatest length and girth combined. The exception affecting the Far

East is for certain non-steam-served points in China (a list of these offices can be secured from the postmaster) where parcels must not exceed one cubic foot in volume. With definite exceptions, any article admissible to the domestic mails of the United States may be sent in unsealed packages to those countries with which parcel post conventions have been signed. (For special prohibitions and observations consult the postoffice circulars on foreign parcel-post mails.)

An Improved Service. A step in the right direction has been taken by the extension of the service to Siam, the arrangement going into effect on February first of this year. The general foreign parcel post regulations apply. Parcels cannot be registered; firearms are prohibited. As a result of this new service, more extensive trade activity between the United States and Siam is inevitable. During the fiscal year ending March 31, 1916, 11,557 parcels entered Siam from European countries. Few came from the United States. Of indirect interest, too, is the announcement that the limit of weight is being extended for Latin American countries. Brazil now has a limit of twenty pounds, Colombia and Peru twenty-two pounds. Exporters will be interested in knowing that other conventions on the same basis will be made as soon as is practicable.

Opening New Markets. Primarily the parcel post offers an effective means of approaching new markets by sending samples or small trial orders to prospects or new customers. The small exporter especially could make use of it more freely, if its services were more extended, as he often is not in a position to resort to the more roundabout method of utilizing the facilities offered by other countries. A small trial order, delivered on time and without trouble, may be made an opening wedge for new business. Many of the lesser countries of the world would become significant for trade purposes if cheap, swift and easy-to-use facilities were available for the transportation of packages not too great in bulk or too low in value for their bulk and weight.

Packing for Security. Parcel post shipments addressed to the Far East should be packed with even more care than is exercised in protecting goods sent in other ways. No parcels will be accepted for mailing that are not securely wrapped in strong rope or fiber paper. Packing for foreign markets requires more

attention than for domestic trade, because of the extreme distances over which parcels are carried, the rough means of transportation frequently employed and the lack of facilities for guarding them carefully. The words "Parcel Post" should be written clearly in the upper left hand corner. As in the domestic service, each parcel should be addressed plainly in ink and should bear also the name and address of the sender in the upper left hand corner.

How Duties can be Paid. N. Y. Circular 77 ("Foreign Parcel-Post Mails") contains the following information regarding customs duties: Customs duties on parcels for or from foreign countries cannot be prepaid by the senders; they will be collected from addressees when the parcels are delivered. Dutiable articles received in the United States in parcel-post mail will be rated and charged with the proper amount of customs duty by the customs officer at the United States exchange post office at which said mails are received from abroad. The duty so rated will be collected and remitted to said customs officer by the postmaster delivering the article.

Prohibited Articles. For a list of the articles specially prohibited, for customs duties on articles and particular information regarding certain countries, see the "U. S. Official Postal Guide." It can be consulted upon application to any postmaster or a copy may be purchased and kept in the office files.

Regulations Repay Study. The specific regulations governing parcel post service for the different countries of the Far East are too numerous to be included here. For instance, the conditions of the parcel post convention between the United States and Japan apply to the important trading points in South Manchuria where the Japanese maintain post offices. Parcels addressed to French Indo-China may be sent via Havre and other French ports and from there to Saigon; or the Pacific ports of America may exchange goods with Indo-China via Hong Kong. Frequently confusion arises because the American manufacturer fails to recall that the parcel-post service does not extend to British Malaysia. Helpful suggestions can be obtained from the "Official Post Office Guide," the circulars already referred to, the "Exporters' Encylopædia" or "Export Trade Suggestions," No. 35 in the "Miscellaneous Series" issued by the Department of Foreign and Domestic Commerce.

Where to Look for Trade Information

BECAUSE of its romance and glamour, remoteness and inexhaustible possibilities of interest, the Far East has been a favorite subject for writers of all times. Much of what has been said regarding its social, political and geographical conditions has both direct and indirect value to anyone who contemplates engaging in trade with the territory. For general reading, few other travel books have the incomparable charm and interest of those which cover the territory traversed by Marco Polo centuries ago. The sources from which one may draw specific information regarding trade opportunities and trade conditions are numerous and varied.

Banks as Counselors. Commercial banks which make a specialty of foreign business, for instance, maintain foreign departments equipped to give specialized service of particular value to merchants and manufacturers who are just launching into export trade. This service begins with counsel on market conditions abroad; the countries to which the product is especially adapted; the most satisfactory method of effecting its distribution there; and help in the solving of various detail problems involved in working out an export policy, developing an export plan and establishing the routine by which sales are promoted, orders received and filled and the merchandise itself dispatched to customers.

Confidential Reports. Supplementing this general information and advice, definite arrangements can be made for thorough investigation of the market conditions and possibilities and specific points, for confidential reports on the character and standing of such firms as may be available as representatives, for dependable credit information on prospective customers, and for specific answers to a multitude of questions arising out of the differences in customs and practices in the United States and abroad.

No bank, of course, can act as your selling agent abroad. Neither can it provide you with the sort of information about local markets and merchants which a travelling representative could secure by personally visiting and studying each locality from the viewpoint of your business. But your bank has facilities for obtaining information

which will give you a sense of direction in the first place, and later will supplement and check your own sources of market and credit information. Don't try to unload your own responsibilities on the bank; but don't, on the other hand, neglect the valuable counsel and concrete aid which your bank is always ready to give you.

Trade Organizations. Many organizations of various kinds are of aid in the extension of commerce between the United States and the Far East. In general these organizations are of two kinds: those devoted exclusively to foreign trade, and others, like the average Chamber of Commerce, which maintain foreign departments for the convenience of their members.

The two public bodies dealing with the larger general policies of foreign trade are the Chamber of Commerce of the United States, Washington, and the National Foreign Trade Council, New York. From time to time the latter publishes reports and pamphlets on general subjects connected with exporting. The Merchants Association of New York maintains foreign trade and foreign departments that are peculiarly adapted to the needs of manufacturers and exporters and the influence of their activities is far-reaching. Well known also are the American Manufacturers Export Association and the National Association of Manufacturers, the latter having a special foreign trade division. The Philadelphia Commercial Museum is another trade body serving similar interests.

Chambers of Commerce. Among the important commercial bodies that are either actively concerned with matters regarding foreign trade or have divisions specializing on foreign trade information are: Merchants Association of New York; Pittsburgh Foreign Trade Commission; Massachusetts State Industrial Commission, Boston; Chicago Association of Commerce; Chamber of Commerce of the United States, Washington, D. C.; and the Chambers of Commerce at New York, Cleveland, Detroit, St. Louis, San Francisco, Los Angeles, and other major cities.

Government Agencies. An important official source of information is the Bureau of Foreign and Domestic Commerce, of the Department of Commerce, Washington, D. C. If it has no branch office near you, correspondence and inquiries should be addressed to the Bureau at Washington. (For a detailed outline

of its activities see page 139.) The Department of State also, through its ambassadors, ministers, commercial attachés, consuls general, consuls, special agents and foreign trade advisers, extends to exporters a service which is constantly growing in scope and importance.

Foreign Trade Advice. The foreign trade advisers represent the commercial service of the Department of State; in the course of their duties they confer with foreign embassies in matters relating to trade. These advisers obtain information regarding the securing of concessions from foreign governments; assist in obtaining rebates for possible over-charges in foreign custom houses; aid in obtaining information regarding business affairs which require diplomatic co-operation; and assist in analyzing the effect of legislation upon foreign commercial treaties and policies and relations.

Commercial Attachés. Commercial attachés are appointed to foster trade development abroad. Their duties include the analysis of trade problems and other commercial questions. They also are expected to keep in constant touch with business developments in their districts and to report on efforts made by other foreign nations to obtain trade there. The commercial attachés are on the staffs of our embassies and legations, but they work under the direction of the Department of Commerce and the Bureau of Foreign and Domestic Commerce.

Consular Trade News. The consular representatives of the United States in the various countries of the Far East gather and report much information relating to trade and commerce in their districts. Ordinarily they may be addressed directly regarding commercial opportunities or problems having to do with their districts but the matter should first be submitted to the Bureau of Foreign and Domestic Commerce, as the information desired may be available at Washington without further effort. (See page 142 for an outline of the work of American consuls.)

Special Trade Agents. Special agents are employed in making more careful and exhaustive investigations regarding the possibilities of extending American trade in particular lines, countries or zones. They are chosen usually for expert knowledge of conditions in the particular line of business which they are

delegated to investigate, or because of acquaintance with the regions on which they are to report. When necessary they buy samples of those foreign goods which are in greatest demand and with which, of course, American products must compete. The results of their investigations are published in the "Special Agents' Series" and may be secured from the Superintendent of Documents, Government Printing Office, Washington, D. C.

Trade Ambassadors. Early this year the Department of Commerce announced that it has launched a vigorous after-the-war campaign to develop fields of trade in the Far East, South America and Europe. To further this plan it is sending commercial "ambassadors" abroad to report trade opportunities for American manufacturers and exporters. One of these "business pilgrims," for example, will investigate the needs for industrial machinery in the Far East, principally in British India, China, Japan and the Philippines; another will cover the Dutch East Indies; still others will make similar investigations in contiguous territory.

Government Publications. Special reports on conditions and opportunities in particular countries or zones are made from time to time by the commercial attachés, consuls, and special agents of the Government. A complete list of the publications may be obtained through the Superintendent of Documents, Government Printing Office, Washington, D. C. The publications of the Far Eastern Division recently organized, are especially helpful, as are also those in the Miscellaneous, Tariff, Special Consular and Special Agents series. A few titles follow:

General
- Daily Commerce Reports
- United States Official Postal Guide (supplements published monthly)

Special Consular Reports
- No. 72, British India: Notes on Ceylon, Afghanistan and Tibet, by H. D. Baker

Special Agents' Series
- No. 3, Trade in China
- No. 6, Trade Conditions in Japan and Korea
- No. 7, Trade Conditions in China
- No. 12, Trade Conditions in Asiatic Turkey
- Also special reports on Foreign Markets by industries

Miscellaneous Series
- No. 5, Packing for Export
- No. 35, Export Trade Suggestions
- No. 59, Methods of Computing Values in Foreign Trade Statistics
- No. 63, Trade of the United States with the World, 1916-17

Acquire "Map Habit." Next to travelling and learning conditions firsthand, one of the simplest ways of familiarizing oneself with foreign territory is to cultivate the "map habit." Everyone connected with foreign trade should have ready access to a good map or atlas; when maps are on the wall they probably will be used more often. The Orient especially is a more or less unfamiliar field to the average man, who probably might reveal startling ignorance in a cross examination about the relative size of countries or the location of important cities and trade centers.

Many persons have forgotten or probably never have stopped to realize for instance that the Island of Java, one of the Dutch East Indies, is smaller than England by only some 300 square miles and that its population is only 4,000,000 less than that of England. Or, to choose another illustration, a comparative study of locations will disclose the fact that Peking is in the same latitude as Philadelphia and that Vladivostok actually is two and one-half degrees farther south than Venice, though in the minds of many the former is associated with the latitudes of the cold and stormy north, while the latter is connected with the sunshine of the temperate south.

Choice of Atlases. Every organization engaged in foreign trade should have one or more good atlases. Any one of the following will serve the purpose:

Atlas of the World's Commerce, by J. G. Bartholomew. London: G. Newnes & Co., 1907.

Atlas of Economic Geography, by J. G. Bartholomew. New York: Oxford Press, 1914. $2.

Mercantile Atlas of the World. London: Geo. Philips & Son, 1909. Third edition, $20.

Doubleday, Page & Co.'s Geographical Manual and Atlas. By C. O. Sylvester Mawson. Garden City: Doubleday, Page & Co.

Commercial Atlas of America. Chicago: Rand McNally. $20. Annual.

Statistical Atlas and Gazetteer of China. (A large, elaborate volume published by the North China Daily News and Herald, Shanghai, China. Contains highly specialized information on China.

Reference Libraries. General works of reference, such as encylcopedias, year books, commercial geographies, gazetteers and guide books, are indispensable in an exhaustive study of trade conditions in the Far East. They usually are available in the reference rooms of public libraries, as well as in the libraries of large banks and business organizations specializing in foreign trade. Concise information of great value is found in the following volumes (specific titles covering the Far East are included as illustrations of the kind of material available for practically every large country):

Statesman's Year-Book. Edited by John Scott Keltie. New York: Macmillan Co. Annual.

Exporters' Encyclopaedia. New York: Exporters' Encyclopaedia Co. Annual. $7.50.

Indian Year-Book. Bombay: Bennett, Coleman & Co. Annual.

The China Year-Book. New York: E. P. Dutton & Co. Annual.

Russian Year-Book. Official. London: Eyre & Spottiswoode, Annual.

China Year-Book, by H. T. Montague Bell and H. G. W. Woodhead. New York: E. P. Dutton & Co. Annual.

Sheldon's Export Trade. New York: Sheldon Publishing Co. $2.

Shipping World Year-Book: Shipping World Office, Effingham House, Arundel St., Strand, London.

Directory of Merchants, Manufacturers and Shippers of the World. New York: Kelly Publishing Co.

Chinese Directory and Far East Business Guide for 1917. Hong Kong: J. R. Flynn Anderson.

Directory and Chronicle for China, Japan, Korea, Indo-China, Straits Settlements, Malay States, Siam, India. London: Hong Kong Daily Press, Ltd. 1918.

American Export Trade Directory, edited by B. Olney Hough. New York: Johnson Export Publishing Co. $5.

Mercantile Year-Book of Exporters in England, Italy, etc., edited by Walter Lindley Jones. Published by Lindley Jones & Brother, Bishopsgate, E. C., London.

Export Register. New York: Export Manufacturers of U. S., Inc. $10.

Customs Tariffs of the World. New York: Kelly Publishing Co. $5.

Publications of the British Board of Trade. East Harding St., London: Eyre & Spottiswoode, Ltd.

United States Customs Tariff and the Free List: Act of Congress, Aug. 5, 1905, Chicago: G. W. Sheldon & Co., 1909.

U. S. Tariff Commission. Second Annual Report. 1918.

Shuey's Bibliography of Foreign Trade Publications, issued by the ten Bosch Company. (A classified list of books and magazines.)

For Statistical Information:

United States Commerce and Navigation.

United States Statistical Abstracts.

United States Monthly and Weekly Reports issued by different Administrative Departments.

United Kingdom—Trade with Foreign Countries.

Japan—Annual Returns of Trade.

Philippine Islands—Annual Report of Bureau of Customs.

China—Annual Returns of Trade.

India—Sea-borne Trade and Navigation.

Ceylon—Customs Returns.

Siam—Foreign Trade and Navigation of the Port of Bangkok.

Straits Settlements—Returns of Imports and Exports.

Trade and Commerce. The war has created an unusual amount of interest in the theory of foreign trade and the general principles of financing. As a general guide these volumes are suggested as authoritative and illuminating:

Practical Exporting, by B. Olney Hough. New York: Johnston Export Publishing Co., 1915.

Selling Latin America, by W. E. Aughinbaugh. Boston: Small, Maynard & Co., 1915.

Trading with Latin America, by Ernest B. Filsinger. New York: Irving National Bank, 1917.
The Awakening of Business, by Edward N. Hurley. New York: Doubleday, Page & Co., 1916.
Principles of Commerce, by H. G. Brown. New York: Macmillan Co., 1916.
History of Domestic and Foreign Commerce of the United States, by Emory Johnson and others. Washington: Carnegie Institute, 1915. 2 volumes.
Commerce and Industry, by J. Russell Smith. New York: Henry Holt & Co., 1916.
Trade of the World, by J. D. Whelpley, New York: Century Co., 1913.
Some Aspects of the Tariff Question, by F. W. Taussig. Cambridge: Harvard University Press.
Ocean Traffic and Trade, by Olney Hough. Chicago: La Salle Extension University.
International Trade and Foreign Exchange, by H. G. Brown. New York: Macmillan Co., 1914.
Elements of Foreign Exchange, by Franklin Escher. New York: Bankers Publishing Co., 1917. Seventh Edition.
A B C of Foreign Exchanges, by G. Clare. New York: Macmillan Co., 1893.
Tate's Modern Cambist (Revised), by H. Schmidt. London: E. Wilson.
Eastern Exchange, Currency and Finance, by W. F. Spalding. New York: I. Pitman, 1917.
Industrial and Commercial Geography, by J. Russell Smith. New York: Henry Holt & Co., 1913.
International Geography, by H. R. Mill. New York: D. Appleton & Co., 1909.
Course in Foreign Trade. New York: Business Training Corporation. 12 volumes.
The Panama Canal and International Trade Competition, by Lincoln Hutchinson. New York: Macmillan Co., 1915.

Books on the Far East. An exhaustive bibliography of the Far East would fill a whole volume. In the list which follows only a few of the sources drawn upon in the compilation of the present volume have been included. For any one who is unable to come in touch with conditions firsthand it may serve as an introduction to a field where the possibilities for reading and interest and enjoyment are practically inexhaustible.

Official Guide to Eastern Asia, prepared and published by the Imperial Japanese Government Railways, Tokyo, 5 volumes.
Murray's Handbook for Japan.
Murray's Handbook for Travelers in India, Ceylon and Burma.
Far Eastern Tropics, by Alleyne Ireland. Boston: Houghton Mifflin Co., 1915.
Mastery of the Pacific, by A. R. Colquhoun. New York: Macmillan Co., 1902.
The Awakening of the East: Siberia, Japan, China, by P. Leroy-Beaulieu, New York: McClure, Phillips & Co., 1900.
The Far East, by A. J. Little. Oxford: Clarendon Press, 1905.
Our Eastern Question, by T. F. Millard. New York: Century Co., 1916.
Reshaping of the Far East, by B. L. P. Weale. New York: Macmillan Co., 1905.
Problems of the Pacific, by Frank Fox. Boston: Small, Maynard & Co.
Empires of the Far East, by Lancelot Lawton. Boston: Small, Maynard & Co., 1912. 2 volumes.
Japan at Firsthand, by J. I. C. Clarke. New York: Dodd, Mead & Co., 1918.
Japan's Inheritance, by E. B. Mitford. New York: Dodd, Mead & Co., 1914.

The Japanese Nation, by Inazo Nitobe. New York: G. P. Putnam's Sons, 1912.
Japanese Empire and Its Economic Conditions, by Joseph Dautremer. London: T. Fisher Unwin, 1910.
Philippines Past and Present, by D. C. Worcester. New York: Macmillan Co., 1914. New edition, 2 volumes.
Americans in the Philippines, by J. A. LeRoy. Boston: Houghton Mifflin Co., 1914.
Trade and Administration of the Chinese Empire, by H. B. Morse. New York: Longmans, Green & Co., 1913.
The Changing Chinese, by Edward A. Ross. New York: Century Co., 1911.
Commercial Handbook of China, by Julean Arnold. Washington: Bureau of Foreign and Domestic Commerce.
Finance in China, by S. R. Wagel. Shanghai: North-China Daily News and Herald, Ltd., 1914.
Chinese Currency and Banking, by S. R. Wagel. Shanghai: North-China Daily News and Herald, Ltd., 1915.
Across China on Foot, by Edwin J. Dingle. New York: Henry Holt & Co., 1911.
China's Business Methods and Policy, by T. E. Jernigan. London: T. F. Unwin, 1904.
China Revolutionized, by J. S. Thomson, London: T. W. Laurie, Ltd., 1913.
Guilds of China, by H. B. Morse. New York: Longmans, Green & Co., 1909.
Overland to China, by A. R. Colquhoun. New York: Harper & Bros., 1900.
Economic Transition in India, by Theodore Morison. London: J. Murray, 1911.
Business Prospects in India, by A. T. Stewart. London: F. Hodgson, 1915.
Indian Problems, by S. M. Mitra. London: J. Murray, 1908
Foundations of Indian Economics, by Radhakamal Mukerjee. New York: Longmans, Green & Co., 1916.
Burma Under British Rule, by J. Dautremer. New York: Scribner's, 1913.
Siam: A Handbook of Practical, Commercial and Political Information, by A. W. Graham. Chicago: F. G. Browne & Co., 1913.
Lotus Land: Southern Siam, by P. A. Thompson. London: T. Werner Laurie, 1906.
Russia: Its Trade and Commerce. Edited by Arthur Raffalovich. London: P. S. King & Son, Ltd., 1918.
The Real Siberia, by J. F. Fraser. New York. D. Appleton & Co., 1902.
Siberia, by M. P. Price. London: Methuen & Co., 1917.
All the Russias, by Henry Norman. New York: Scribner's, 1904.
Tibet the Mysterious, by T. H. Holdich. New York: F. A. Stokes Co., 1906.
Manchuria, by A. Hosie. New York: Scribner's Sons, 1904.
Manchuria and Korea, by W. Whigham. New York: Scribner's Sons, 1904.
Notre France d'Extreme Orient (Indo-China) by Duc de Montpensier. Paris. 1913.
Java, Sumatra and the Other Islands of the Dutch East Indies, by A. Cabaton. New York: Scribner's Sons.

Export Trade Journals. Several magazines of general appeal devote special articles or departments to the subject of commerce, trade conditions, and business opportunities in the Far East. Excellent weekly and monthly reviews are published by various trade organizations and are useful because of the specific details which they publish regarding conditions and opportunities. Interest in the development of foreign trade is further evidenced by the

attention which important newspapers are devoting to export problems. Following are a few of the weekly and monthly publications:

Publications by Organizations and Financial Institutions

Asia: A Monthly Magazine, American Asiatic Association, New York.
The Nation's Business: Chamber of Commerce of the U. S., Washington, D. C.
Association News: American Manufacturers Export Association, New York.
Weekly Bulletin: American Manufacturers Export Association, New York.
Export American Industries: National Association of Manufacturers, New York.
Semi-Monthly Bulletin and other publications of the Foreign Trade Department: National Association of Manufacturers, New York.
Current Affairs: Chamber of Commerce, Boston, Massachusetts.
Merchants Association Review: Merchants Association, New York.
Weekly Export Bulletin: Philadelphia Commercial Museum, Philadelphia.
Publications of the National Foreign Trade Council, the U. S. Chamber of Commerce, Chambers of Commerce in many cities, the International Commerce Association and several large banks in New York and elsewhere.

General Export Trade Magazines

American Exporter (Editions in English, Spanish, Portuguese and French): Johnston Publishing Company, New York.
Commercial America: Philadelphia Commercial Museum, Philadelphia.
Dun's International Review: Dun & Company, New York
Commerce and Finance: T. H. Price Publishing Company, New York.
Exporters' and Importers' Journal: H. W. Peabody & Co., New York.
Exporters Review: Exporters Encyclopedia Company, New York.

General Magazines with Export Slant

World's Work: Doubleday, Page & Company, Garden City, L. I.
System: A. W. Shaw Company, Chicago, Ill.
Printers' Ink: Printers' Ink Publishing Company, New York.
Business Digest: Arrow Publishing Company, New York.
Scribner's Magazine: Chas. Scribner's Sons, New York.
Economic World: The Chronicle Company, New York.

House Organs and Publications

Foreign Trade Bulletin: American Express Company, New York.
The Americas: National City Bank, New York.
Export World and Herald: American Trading Co., New York.
The World's Markets: Dun & Company, New York.
American Export Monthly: Arkell & Douglas, Inc., New York.
Pacific Ports: Frank Waterhouse & Co., Seattle, Washington.
Russia (Siberian Trade): R. Martens & Co., New York.

Export Trade with Far East

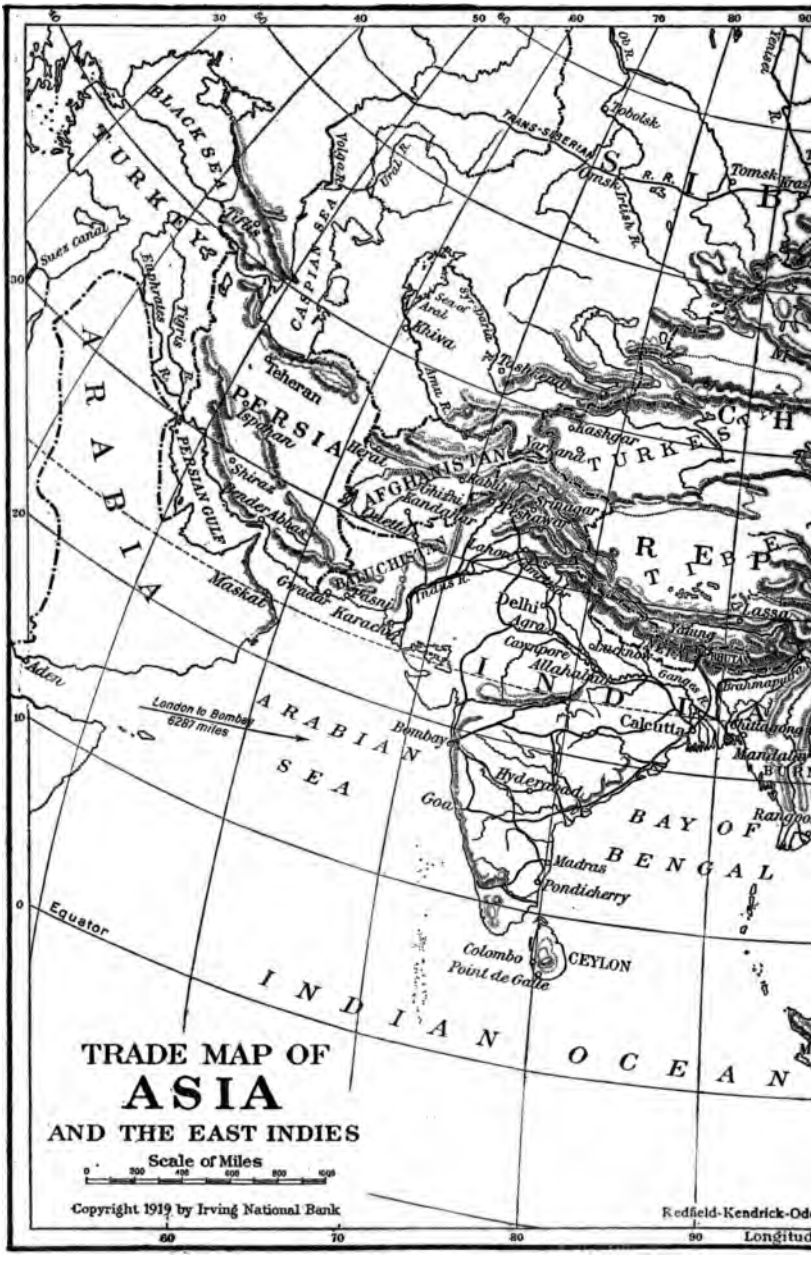
Millard's Review: Millard Publishing Co., Shanghai, China.
North China Herald, Shanghai, China.
Far Eastern Review: 5 Jinkee Road, Shanghai, China.
Pan-Pacific: Pan-Pacific Corporation, San Francisco, California.
The Philippines: Clarence Colman, Manila, Philippine Islands.
Eastern Commerce: 25 Water St., Yokohama, Japan.
Dutch East Indian Archipelago: A. A. van der Kolk, Buitenzorg, Java.
Philippine American Review: 305 Broadway, New York.
The Far East (commercial supplement), Tokyo, Japan.
Australiasian & Canadian World: London, England.
Indian Trade Journal: Calcutta, India.

How Large Is Your Market?

As to the relative size of countries the average person has more or less hazy conceptions. This is due in part to the varying scales on which maps are produced and to which our eyes have grown accustomed. The following table gives a general idea of the size and density of population of Far Eastern territory as compared with the size of states or groups of states in our own country. Corresponding areas are only approximate, as exact parallels cannot be found, except in a few instances, in any American state or group of adjacent states.

Country	*Area, sq. mi.*	*Population*	*Corresponding area*
Japan Proper	148,756	55,965,292	Larger than Montana
Chosen	84,738	17,519,864	Larger than Utah
Formosa	13,944	3,710,848	Vermont and Connecticut
China Proper	1,532,420	302,110,000	Larger than half the U. S.
Manchuria	363,610	15,834,000	Larger than Texas, Arkansas and Louisiana
Mongolia	1,367,600	1,800,000	Less than half the U. S.
Tibet	463,200	6,500,000	Larger than California, Texas, Pennsylvania
French Indo-China	256,000	16,990,229	Smaller than Texas
Philippine Islands	114,400	8,000,000	Louisiana and Oklahoma
India and British dependencies	1,802,629	315,156,396	Half as large as the United States and Alaska
Ceylon	25,332	4,547,200	Half the size of Alabama
Malay Peninsula	51,360	2,675,000	Alabama
Burma	230,839	12,115,217	Montana and Idaho
Afghanistan	245,000	6,380,500	Ohio, Indiana, Illinois, Michigan, Wisconsin
Baluchistan	54,228	414,412	Florida
Siam	195,000	8,819,686	Arizona and Utah
Java	50,557	30,098,008	Half the size of Colorado
Sumatra	159,739	4,791,990	Nebraska and Kansas
Borneo	243,843	1,580,642	Montana and Wyoming
Celebes	72,070	852,405	W. Virginia and N. Carolina
Siberia	4,831,882	10,377,900	Fifty per cent larger than the United States

For a visual representation of this same idea of relative sizes, see the map of Asia on the next two pages. The outline of the state of Texas, appearing on the face of the map, emphasizes the relative areas and contrasts the size of a familiar territory of our own country with the size of the more unfamiliar ones of the Far East.


TRADE MAP OF
ASIA
AND THE EAST INDIES
Scale of Miles
0 200 400 600 800 1000
Copyright 1919 by Irving National Bank
Redfield-Kendrick-Odell
Longitude
BLACK SEA
TURKEY
CASPIAN SEA
Volga R.
Ural R.
Suez Canal
Euphrates R.
Tigris R.
ARABIA
PERSIA
PERSIAN GULF
Teheran
Ispahan
Shiraz
Bender Abbas
Maskat
Gradar
Karachi
Aden
Sea of Aral
Khiva
Amu R.
Bokhara
Tashkent
AFGHANISTAN
Herat
Ghizni
Kabul
Kandahar
Quetta
BALUCHISTAN
Kalat
Indus R.
Srinagar
Peshawar
Lahore
Delhi
Agra
Cawnpore
Allahabad
Lucknow
Gangas R.
Calcutta
Brahmaputra R.
Chittagong
Mandalay
BURMA
Rangoon
Bombay
Goa
Hyderabad
Madras
Pondicherry
Colombo
Point de Gallie
CEYLON
BAY OF BENGAL
ARABIAN SEA
INDIAN OCEAN
Equator
London to Bombay
6287 miles
TRANS-SIBERIAN R. R.
Tobolsk
Omsk
Irtish R.
Tomsk
Krasnoyarsk
Yenisei R.
Lassa
Yalung
Yangtse R.
Yellow R.
Tarim R.
Lake Lop
Kashgar
TURKESTAN
CHINA
INDIA
Longitude

MAP OF ASIA AND EAST INDIES

Mail Time to Far Eastern Cities

IN SENDING letters to the Orient, a general idea of the time required in transit is necessary in order to gauge the interval before a reply can be expected. The sea routes and European railway communications that were upset by the war have not yet become stabilized; until they are, no new schedules of mail time can be issued officially. The following table is based on pre-war routes and sailing schedules, but it can be used as an approximate guide.

Yokohama, Japan	via Victoria, B. C.	Requires 16 days
Yokohama, Japan	San Francisco	20 days
Shanghai, China	Victoria, B. C.	22 days
Shanghai, China	San Francisco	25 days
Hong Kong, China	San Francisco	27 days
Manila, Philippine Islands	San Francisco	34 days
Manila, Philippine Islands	Victoria, B. C.	30 days
Singapore, Straits Settlements	Brindisi, Italy	31 days
Bangkok, Siam	London	34 days
Bangkok, Siam	San Francisco	43 days
Saigon, Indo-China	Brindisi, Italy	34 days
Penang, Malay Peninsula	Brindisi, Italy	30 days
Batavia, Java	London	34 days
Rangoon, Burma	Brindisi, Italy	29 days
Bombay, India	Brindisi, Italy	23 days
Bombay, India	London	22 days
Calcutta, India	Brindisi, Italy	26 days
Calcutta, India	London	24 days

Cable and Telegraphic Codes

Among the best known and most widely used codes are: Lieber's A. B. C. (5th edition), Western Union, Bentley's and Scott's. Their use was authorized by the American censorship during the war.

In sending cables, sufficient time must be allowed for replies—the actual time required in the transmission of the message and also the difference in clock time. The following table indicates the number of hours and minutes that should be added to New York time (no allowance for daylight saving) to figure clock time for the Far East.

Yokohama, Japan	14 hrs. 15 min.	Bombay, India	9 hrs. 47 min.
Tokyo, Japan	14 hrs. 15 min.	Calcutta, India	10 hrs. 49 min.
Manila, P. I.	13 hrs.	Saigon, Indo-China	12 hrs. 02 min.
Hong Kong, China	12 hrs. 32 min.	Rangoon, Burma	11 hrs. 16 min.
Shanghai, China	13 hrs. 01 min.	Batavia, Java	12 hrs. 03 min.

Bureau of Foreign and Domestic Commerce

IN THE promotion of trade with the Far East, the Bureau of Foreign and Domestic Commerce at Washington is equipped to aid American exporters and importers as never before. During the war, dependable trade information about all the neutral countries of the world and all the principal business houses in each became a matter of prime military importance. In gathering this information through various co-operating agencies, including the United States consular service, the War Trade Board not only brought together and classified for immediate use a great mass of facts and figures, but it also evolved new methods of expediting investigations and new standards of personal efficiency and responsibility.

Departments Organize. To as much of this information as can in fairness be utilized for commercial purposes and to the most effective of the methods, the Bureau of Commerce will fall heir. Quite recently, indeed, an organization has been created at Washington to co-ordinate the work of all the government agencies which can be made to contribute to the upbuilding of the country's foreign trade. At the preliminary meeting late in March, eight of the major departments were represented—Commerce, State, Treasury, War, Navy, Labor, Agriculture and Post Office—as well as the War Trade Board, Shipping Board, Federal Trade Commission, Tariff Commission, Interstate Commerce Commission and Railroad Administration. It is too early, of course, to anticipate what the outcome of this plan will be. At the least, the Bureau of Foreign and Domestic Commerce can—and probably will—act as a clearing house for compiling and publishing the extremely valuable business data now in the Washington files of these departments and government agencies.

Official Publications. The Bureau, indeed, has exercised this function of compilation and publication of foreign trade information for several years, bringing out in various forms the results of investigations made by American consuls, commercial attachés and special agents in various countries. These range from statistical abstracts and general surveys of existing trade opportunities

in this or that foreign market to intensive studies of specific trades and industries from the viewpoint of American exporters and importers. When these are not sent without charge, the price of these reports is nominal. Upon request, a list will be supplied by the Superintendent of Documents, Government Printing Office, Washington, D. C. The chief of these publications are as follows:

Commerce Reports and Supplements.
Special Agents' Series.
Special Consular Reports.
Tariff Series.
Statistical Publications.
Directories of Latin-American Countries.
Miscellaneous Series.

Commerce Reports. The Bureau issues a daily publication called "Commerce Reports" (annual subscription $2.50, Government Printing Office, Washington, D. C.). This contains data which is collected by consuls in all parts of the world. Changes relative to foreign tariffs also are announced therein. One page is devoted to "Trade Opportunities," which are requests for agencies, representation or direct information concerning the sale of American goods. Announcements of needs by certain government departments also are published.

Tariff Information. The Bureau maintains a foreign tariff department. Changes in tariffs are collected and published in special bulletins and in "Commerce Reports." Inquiries also may be addressed to the Bureau regarding special phases of particular foreign tariffs in which you are interested.

Commercial Statistics. The Bureau compiles tables of exports and imports not only of the United States, but of foreign countries as well. A plan for an enlarged classification of both imports and exports, together with an important revision and extension of the monthly, quarterly and annual foreign trade statistics, has been announced. More than 1500 new items are being added to the export classification, and the number of import items will be materially increased. The value of this department is being enhanced by the development of a commercial museum which will show products in current demand in foreign markets.

Far-Eastern Division. A special department has been established devoted to the interests of the Far East. This division will co-ordinate the activities of the Bureau in all matters relating to the territory in question, will act as the official representative in promoting foreign trade, answer inquiries regarding Oriental trade conditions and maintain a staff whose members will interview manufacturers whenever they desire information.

Many Branch Offices. The Bureau operates many Branch Offices for the convenience of exporters. These District and Co-operative Offices are in the following cities:

District Offices:

New York, 734 Custom House.
Chicago, 504 Federal Building.
Boston, 1801 Custom House.
St. Louis, 402 Third National Bank Building.
New Orleans, 1020 Hibernia Bank Building.
San Francisco, 307 Custom House.
Seattle, 848 Henry Building.

Co-operative Offices:

Cleveland Chamber of Commerce.
Philadelphia Chamber of Commerce.
Cincinnati Chamber of Commerce.
Los Angeles Chamber of Commerce.
Chattanooga, Southern Railway System, South American Agent.
Portland (Oreg.) Chamber of Commerce.
Dayton, Ohio, Greater Dayton Association.
Southern Railway, Cincinnati, 96 Ingalls Building.

American Consuls as Trade Missionaries

THE TENDENCY toward development of our consular service has been marked of late. The choice of men should not be a matter of politics, for often this method leads to the selection of men to these important positions who know neither the customs nor the language of the country concerned. The best results are obtained when the work is offered as an inducement to young men, with promotion for merit. The British Government long ago established a separate consular service for the Far East. The result has been that the men who go there stay long enough to know the countries intimately and become familiar with the characteristics of the people. Such has not been the case, in many instances, with the consuls representing the United States. Through no fault of their own they frequently are unable to serve the best interests of American trade in the districts where they are stationed.

Lists of Consuls. The addresses of consuls may be obtained from the Consular Bureau, Department of State, Washington, D. C. A complete list, with addresses and regulations, is given in the "Exporters' Encyclopædia." In places where consular agencies have been established, they are subject to the supervision and instructions of the nearest resident consul.

Writing to Consuls. To insure prompt response in the case of absence of the consul, letters should not be addressed to him personally, but instead to the American Consul, or the American Consul General. All correspondence should be brief and to the point, but sufficient information should be included so that the interchange of several letters regarding an inquiry may be avoided. Form letters sent to all consular representatives serve no purpose whatever, especially in a group of countries where conditions are as dissimilar as are those of the Far East.

Prepay Full Postage. A fine of double the amount due must be paid by the consul, if letters are sent with postage short paid. For letters requiring answers, no return postage is necessary. They are forwarded through the Department of State.

Catalogues and Samples. Consuls are not in a position to offer extensive help in the distribution of catalogues. Occasionally, however, an individual consul is willing to aid the American manufacturer even in this way. Ordinarily, unless catalogues are printed in the language of the country to which they are sent, they have little value. They should be accompanied by information regarding sales arrangements as well as price lists and discount sheets. The same condition applies to the sending of samples. Some consuls may agree to distribute them although they are under no obligation to do so. In some countries sample shipments are subject to duty; this should be provided for wherever necessary.

Consul's Chief Duties. There are four or five hundred consular posts scattered over all parts of the civilized world. The chief concern of the consul naturally is for his own executive branch, the Department of State. His reports concern information of all kinds for the protection of American interests and for proper recognition of their rights. Scarcely less important is his work in connection with the extension of American trade through co-operation between the Department of Commerce and American manufacturers and exporters. He is required to make a thorough commercial survey of his district and submit regular reports to the Bureau of Foreign and Domestic Commerce regarding business and trade conditions. The reports are distributed upon request among American manufacturers. The surveys are general, dealing principally with American sales opportunities. Whenever possible they call attention to such products of the countries in which they are stationed as are of interest to buyers' markets in the United States.

Commercial Inquiries. In order to get full benefit of the advice and specific information of our consular service, letters should be complete and state in detail exactly what is wanted. The consul is prepared to answer all inquiries promptly and to make specialized investigations when so directed by his department; to report in detail on trade opportunities; and to inform the American manufacturers about actual existing foreign trade conditions. Here are some of the things about which he can keep you posted: best route for shipment, packing methods, customs duties, information about local demands, prices of commodities in question, usual terms of sale and any other data that may be of aid to someone interested in foreign markets.

Restricted Powers. American consuls are forbidden to give information regarding the credit, capital, or methods of payments of houses established within their territory. However, they can quote the opinion of a bank or commercial agency regarding a firm's reputation and list only those prospective purchasers who are in good standing. They must favor all alike, and they should be careful not to antagonize the officials or citizens of the country in which they reside. Their reports are open to all and no discrimination can be shown in supplying information to American manufacturers or exporters.

Service Possibilities. It may not be amiss to speculate on the possibilities of increased commercial functions and service on the part of American consuls. The question arises regarding the advisability of co-operation on the part of the Government to make our consuls more directly helpful. Under present conditions their reports frequently are delayed too long before they reach the hands of those who are interested in the contents. The general information which our consuls submit to the Department of Commerce is printed and circulated on a very large scale, but it possesses only a fraction of the value it might possess if presented direct at the time and place where it is really needed.

Broader Vision Needed. Many thoughtful business men also consider it unfortunate that the important possibilities of helpfulness represented by our consular offices are not made more available. There is ground for hope that among the benefits which the war may have conferred will be a broader vision on the part of the Government towards commercial functions of the consular, and perhaps even diplomatic, establishments of this country. This could be accomplished by the addition to present establishments of agents whose functions would be exclusively and effectively commercial. This plan has been tried out thoroughly in Europe as a war measure and the desirability of its permanent retention in times of peace well may be considered in connection with American trade extension.

Japan—America's Best Customer in Asia

DEALING with the Japanese, the American exporter must remember that he is in contact with a people who have behind them centuries of traditions more or less unfamiliar to us. Their point of view is different from ours. Again it should be reiterated that here, as elsewhere in the Orient, nothing can be judged on its face value and that inherently things are not as they seem. The fact, for instance, that the Japanese merchant does not undertake business transactions with the readiness and dispatch of the Americans does not mean that he is less shrewd and clever than they. He is slow because he has been trained for generations back to be cautious, suspicious even, and deliberate in every venture, new or old.

By nature the Japanese are courteous and cheerful and contented. These are characteristic qualities in their business as well as in their social life. They are rapidly divorcing business and social customs and are imitating the merchants of this country in many ways. Just now the Japanese are becoming industrialized, although not at a sacrifice of agricultural interests. The price of labor has nearly doubled in the past two years. In this new process of industrialization qualities of independence and ability and resourcefulness are assuming prominence in the national character.

Needs Raw Materials. To Japan the problem of supplying a lack of raw materials is serious. The government offers every protection to farming; about 70% of the farms are less than 2½ acres in size, and the process of farming is rather one of gardening, so intensive is the scale on which it is conducted. Human labor is cheaper than horse power, for the food problem is acute and there is no surplus material for feeding animals for this purpose. Sheep are being imported from Australia so that Japan may have its own wool supply. The country is gradually lessening the need of relying upon China for the supply of hemp and flax from which linen yarns are made. More than anything else in the raw product line Japan needs iron, cotton, wool, rubber, and hemp.

In manufactured goods, Japan herself has come to be one of our most serious rivals. Where she once sent us novelties she now has entered the market as a supplier of staples, and it goes without say-

ing that she is furnishing her own population with products from her native industries. There are certain manufactures in which Japan, by reason of natural aptitude, abundance of raw materials of a certain kind, and specialized methods, has proved her superior ability. On the other hand, we seem more adapted to large scale production, and it will be many years before Japan can do without the products which we are ready to send her. The trade commissioners working under the supervision of the United States Bureau of Foreign and Domestic Commerce on potential and existing markets for American goods in the Orient and more especially in Japan indicate definite opportunities for selling American railway supplies, electrical goods, shoes, motor vehicles and other supplies.

Equipment Demands. There are no less than 5,860 miles of government owned railroads in Japan, and an elaborate plan to substitute standard gauge for the narrow gauge in use on these lines is under consideration. This would involve heavy expenditure and open up a wide market for supplies, but the scheme is reported to have been postponed indefinitely. The development of native electrical equipment and accessories is marked, but it will be long before the country will be independent of foreign markets. The abundance of water supply makes it possible to generate electricity at a minimum cost. Even the small consumers enjoy a low rate policy, and this is responsible for the wide distribution of electric service. So Japan will be a strong factor in the electric trade especially in the manufacture of smaller articles like fans and motors, incandescent lamps, toasters, percolators and the like. Labor is so cheap and so susceptible to training that, despite all the delicate operations involved, ordinary tungsten bulbs can be produced by hand in Japan at a cost no greater than by machinery largely automatic in American factories.

Shoes are in less demand because Japan has found out that she can produce an article from American leather at lower cost than she can buy the finished American product. However, the market is potential and promising, provided we are willing to experiment with trial shipments until we know definitely just what their requirements are both as to cost and quality and design. The demand for motor vehicles depends on the widening of the roads and the reconstruction of bridges not designed for traffic at high speed. Of late Japanese engineers have been experimenting rather extensively with our models, and have adapted them to native requirements.

Increase in Exports. The bulk of the increase in Japan's export trade within the past three years represents partly or wholly manufactured articles and munitions of war. The increase in this trade has been phenomenal. The fact is significant because it indicates a course of action which will be safe and expedient for us to follow for the future. Owing to the war "boom," there has been an unprecedented line of orders, and every industry has made enormous profits. With increasing wealth has come an increasing inclination on the part of the people to buy our products.

With normal times will come an inevitable readjustment. Then we must be prepared to recognize definitely that our opportunities are threefold: first, we can supply articles most profitably along lines where Japan's store of raw materials is limited; second, we can supply the raw materials themselves; and third, our trained mechanics can manufacture certain articles for which the Japanese workman, skilled in the finer crafts, is not especially adapted, or at least will not be until after years of experimentation and experience.

Location for Agencies. The foreign trade activity is concentrated around the 35 treaty ports. The two great centers for home trade are Osaka for southwest Japan and Tokyo for northeast Japan. The important treaty ports are: Yokohama, Kobe, Osaka, Nagasaki, Niigata and Hakodate. Americans who wish to establish representatives in Japan usually select one of the above places. The decision as a rule is based upon the proximity to the particular kind of trade or manufactures which it is desired to serve. Ordinarily Yokohama is given the preference over other places, but Osaka, on account of its important manufacturing industries, and Kobe, for the same reason, sometimes are selected.

Two Fine Seasons. The best time to visit Japan is in spring or autumn. June brings heavy rains, when travel, though not impossible, is most disagreeable. The climate is usually mild, with four days of sunshine for every three days of rain or snow. January and February are cold, and from July to September the temperature is very warm. The hotels frequently are overcrowded in the spring—the favorite season of tourists. Late spring and early summer are a riot of color with their blankets of cherry blossoms and peonies and azaleas and wistarias; but the autumn with its chrysanthemums and autumn leaves is scarcely less gorgeous.

Routes of Approach. Ocean travellers from America arrive at Yokohama. Those who come by sea route via Suez or through Siberia via Manchuria and Chosen arrive at Nagasaki or Shimonoseki, and those coming direct from Siberia reach Nagasaki. The transportation on the trans-continental lines ends at Fusan, Dairen, and Vladivostok, and from each of these ports the journey is continued by sea to Japanese ports.

Inland Travel Easy. The total length of the railway system is about 7,000 miles. Most are narrow gauge, but they are fairly practical for maximum speed and heavy loads. Some of the roads are suitable for automobiles and carriages and most of them are adapted to the use of jinrikishas. The wide national highways radiate from Tokyo to all the important cities and towns of the Empire. The jinrikisha is the universal means of conveyance in Japan and can be obtained at any time for a small fee. The jinrikisha men are under government supervision, but on the whole it is not safe to hire them at random in the streets. The coasting service in home waters and the ocean navigation service offer unusual facilities for frequent and convenient transportation.

No Police Scrutiny. Ordinarily no passports are necessary for travel. The country is open to subjects of all countries having treaty relations with it. Customs examination of luggage is fair and no real inconvenience is experienced by those who open up everything freely. Personal effects are not subject to duty. Luggage need not be re-examined at various ports if certificates of inspection are attached to different articles at the port of departure.

Barrier in Language. The Tokyo dialect is almost standard. The Japanese language is not easy to learn, and in turn the Japanese have no unusual facility in mastering foreign languages. Many of them now know English, but on the whole the barrier of language still remains a serious one.

Rice, Silk and Tea. Although Japan gradually is turning to manufacturing, this transformation is not at the expense of agriculture, which has been and will continue to be the country's chief means of livelihood. The cultivated area of Japan proper exceeds 13,000,000 acres. The chief products are rice, wheat

and other cereals. Silk culture is one of the oldest industries. Japanese tea is mostly green tea and has a different flavor from that grown in China or India, due to differences of climate and manufacture. Serious attention is given to stock farming. About one-half of the total area of the country is under forests, and many varieties of timber and wood products are produced in large quantities.

Staple Products Now. In manufacturing, Japan has endeavored to put her industries definitely on a staple basis. The chief industries include cotton, silk and hemp spinning factories, textiles, knitted goods, earthenware and porcelain, glass, bricks, tiles, lacquer wares, matches, hides and skins, oil, sake and other liquors, sugar, wheat flour, straw braids, mats and matting. The fishing industry is flourishing, and the deep sea haul includes whales, sharks, tunny and bonito. Among minerals, the richest deposits are in coal and copper, but gold, silver, lead, zinc, iron, sulphur, and petroleum also are found. There is no lack of capital for working the mines, and the importance of developing the mineral resources is fully appreciated.

Business Progressive. Business is so highly developed in Japan that it would be impossible in a work like this to detail the methods that are necessary to effect sales, especially as there is such a great variety of trades. Direct representation, either through traveling salesmen or local agents is practically indispensable. There are manufacturers who purchase direct, importing wholesalers, retailers who make direct importations, etc. In addition to the usual wholesale and retail transactions the Japanese have another called *naka-tsugi,* which consists of buying and selling articles on a large scale through a commission agency. In all retail dealings purchases are made for cash, but in wholesale and *naka-tsugi* transactions money is paid at the end of fifteen days or a month.

Trade Organizations. There are five distinct economic groups: companies, business guilds, co-operative societies, bourses, and Chambers of Commerce. The first business concerns in the Empire, organized on a company basis were the Kawase Kwaisha (Exchange Company) and Tsusho Kwaisha (Trading Company), both established in 1870. In 1914 there were 16,858 companies, with paid up capital of 2,068,786 yen and 607,506 yen re-

serves. In 1901 a law was enacted establishing the Juyo Bussan Dogyo Kumiai Seido (Important Products Union Guild System), under which come all the self-governing guilds composed of the producers of the principal products in the country. In 1914 there were 303 guilds relating to agricultural industries, 661 relating to manufacturing industries and commerce, 9 to marine products, and 21 to the forestry industry. Co-operative societies were originally established on principles of self-government and mutual economic assistance. In 1914 they numbered 11,160.

The Bourse System of the country was established in 1893, when the new law of exchanges was enacted for the purpose. In 1916 there were 42 bourses with authorized capital of 3,432,200 yen. There are sixty Chambers of Commerce in the important commercial and industrial centers. They operate on a system not unlike those in Europe and America. The most prominent are those of Tokyo, Osaka, Kyoto and Yokohama. Their membership exceeds 52,000.

State Aids Business. The Imperial Commercial Museum was established by the government in 1896 for the encouragement of the foreign trade of Japan. It has been an organ of trade information for everyone engaged in over-sea commerce, and furnishes the necessary facilities for the extension of native markets for home products. It is used alike by foreign and Japanese merchants engaged in the foreign trade of Japan. Every month it issues a report with news and correspondence relating to industries at home and abroad. It exhibits foreign and Japanese trade samples, both domestic and foreign catalogues, publications relating to commerce, and reports of commercial conditions.

Many Trade Museums. The interesting Commercial Museum established in Singapore under the direction of the Department of Agriculture and Commerce aims to stimulate the advance of manufacturing industries and develop the foreign trade of the country. It aims to serve as a central base for Japan's commercial operations in the South Sea Islands and especially in Java and Sumatra. Various prefectures maintain their own museums.

Plan Banks Abroad. As a further aid to trade, Japan is planning to establish branch banks at every important point where her merchants are developing markets for her export

products. The foreign banks in the principal ports are: the Hong Kong and Shanghai Banking Corporation, the Chartered Bank of India, Australia, and China, the Mercantile Bank of India, the Russo-Asiatique Banque, the Banque de l'Indo Chine, and the International Banking Corporation. Prominent among the native banks is the Bank of Japan. Together with the ordinary smaller banks, including savings banks, it supplies the needs of home trade. Subject to government regulation, it also issues bank notes.

Strong Banks at Home. There are 1,607 ordinary banks, all under the control of the Minister of Finance, 664 savings banks, and 46 industrial and agricultural banks. The Yokohama Specie bank was established to meet the requirements of foreign commerce. With its numerous branches, it is well known in the business world, as it provides extensive exchange facilities to exporters and importers. The Industrial Bank of Japan does a trust business, handles bonds and shares, and takes care of the importation of foreign capital. The Hypothec Bank of Japan, with provincial banks serving as branches, finances large industrial enterprises.

In addition are the Colonization Banks—those of Hokkaido, Taiwan and Chosen—which on a limited scale do for the smaller possessions what the Bank of Japan does for the Empire as a whole. Intimate relations exist between the Federal Reserve Board and the Bank of Japan as a result of the recent visit of the Finance Commission. There is a demand for capital in all forms, and high rates of interest are given and charged. The legal rate is 5%, but since there are no laws of usury as high as 12% is often contracted for.

Stabilized Currency. Based on gold, the currency in circulation includes copper and nickel and silver coins and bank notes, issued by the Bank of Japan. The circular letter of credit system is maintained between the large Japanese banks and their foreign banking correspondents. The following denominations are in use: copper coins—5 rin, 1 sen, 2 sen; nickel coins—5 sen; silver coins—10 sen, 20 sen, 50 sen; gold coins—5 yen, 10 yen, 20 yen; convertible bank notes issued by the Bank of Japan—1 yen, 5 yen, 10 yen, 100 yen. The gold coins are rarely used in ordinary transactions; instead the convertible notes of the Bank of Japan are submitted. The coinage unit is 2 fun=0.75 gr. of pure gold=1 yen piece. 1 yen=100 sen=1000 rin=$.50 (American).

Field for Advertising. All forms of advertising are effective in Japan. The vogue of signs and electrical displays is apparent in all the important streets of the large cities and bears witness to the fact that illustrated advertising is the kind that makes the widest appeal. There are several large English newspapers and the seventeen leading Japanese daily publications have a circulation of over 2,000,000.

Protect Trade-Marks. To be registered, trade-marks must consist of letters, devices or signs or their combinations. They must be conspicuous and distinctive. The fee is 20 yen for each or for renewal, and ten yen for an associated trade-mark. The term of exclusive use is 20 years. It is highly important that American manufacturers exercise extreme caution in protecting their marks abroad, through care in registration. So many difficulties have arisen through neglect or through indiscriminate imitation of marks not properly protected by the owner, that this becomes one of the greatest problems of the American manufacturer abroad.

Documents Needed. A "certificate of origin" is required on shipments of certain kinds, in order to obtain the advantages of the conventional tariff. The Japanese consul should be consulted in case of doubt whether the certificate is required. There are no government restrictions as to weight, marks, etc. Shipment of opium, tobacco, salt and firearms is prohibited. As for customs duties, raw materials are practically exempted. Consular offices are found at Yokohama, Kobe, Nagasaki and Hakodate.

Information Service. In 1912 the Japan Tourist Bureau was established jointly by the Imperial government railways and other railway and steamship companies, hotels, and firms dealing with tourists. It supplies letters of introduction and necessary information and affords special facilities gratis to tourists. The head office is in the Imperial Government Railways Building, Tokyo, with branches in Dairen, Seoul (Keijo), Taipeh (Taihoku), Yokohama, Kobe, Shimonoseki, and Nagasaki. It has agencies in the United States and in Europe, Australia, India, Straits Settlements, China.

Chosen—A Market of the Future

ANCIENT Korea, renamed by the Japanese Chosen, is a promising future market. It has a population of 17,519,864, but the great mass is still too poor to buy anything but the necessaries of life. The drawbacks to a successful establishment of extensive American trading are: sharp competition on the part of Japanese traders, insufficient railway transportation, shortage of bottoms, scarcity of small money, inadequate banking facilities and high freight and insurance charges. The principal articles of import are: cotton, coal, grass cloths, machinery, oil, shirtings and sheetings, sugar, timber and planks. The trade with China and Great Britain has been more extensive than that with the United States. It is possible that the greatest future for American firms lies in supplying machinery, because Korea just now is in a stage of development of interest to manufacturing and engineering concerns.

Japanese in Control. The native Koreans resemble the Manchus in appearance and habits. The old population was divided into five classes: two classes of nobility, a middle class, the common people and slaves. Although a great many of these class barriers were abolished when Korea became a part of the Japanese Empire, in 1910, there still remains an upper class that courts idleness and scorns work and trading activity. Some of these are well-to-do families of real distinction, but the typical old Korean makes himself ridiculous by his overwhelming disdain for work.

Under such conditions the full development of the natural resources of the country inevitably will require a great deal of time and the addition of outside capital. The situation has passed from the hands of the native Koreans, and in a very large way the problem has been taken over by the Japanese.

Easily Accessible. Chosen is within easy reach. The service between Fusan and Shimonoseki is practically on a ferry basis, since four steamers operate regularly on the line. The passage requires twelve hours. Another customary way of approach is through Manchuria, where good railway facilities are maintained at all seasons of the year.

Many Open Ports. Because of its location, Fusan is the chief port. Chemulpo is the principal port on the west coast, and on the east Seishin has a strategic value because it lies near Vladivostok. The complete list of open ports is as follows:

Fusan	Wousan	Kunsan	Wiju
Chemulpo	Songchin	Mokpo	Shin-wi-ju
Chinnampo	Chung-jin	Ping-Yang	Seishin

Location for Agencies. The three most important places where business is done are Chemulpo, Seoul and Fusan. An agent located in one of these places is usually able to canvass the rest of the country pretty thoroughly.

Climate is no Bar. The climate is comparatively mild, except in the north where conditions prevail similar to those of Siberia. The sudden changes in temperature are due to changes in the wind. The best time to visit the country is in the spring and autumn. No special inconvenience is experienced, however, at any time in places which are connected by railroad.

New Roads Building. Under the Japanese the roads have been improved, and the present plan includes adequate highways between all the important cities of the peninsula. Inland transportation formerly was by porters, oxen and pack-horses, as well as by the navigable rivers. The railway system has been extended until it now embraces over 1,000 miles. The coastwise steamship service has been placed under a uniform system that offers improved accommodations. At least half a dozen steamship lines make regular calls at Chosen ports.

The same freedom of movement is allowed in the interior of Chosen as in Japan. Ordinarily no passports are needed by travelers coming from countries that have treaty relations with Japan. The usual customs examinations are required at the treaty ports. To aid in the direct passenger traffic between Korea and Manchuria customs examiners have been stationed at Antung Station on the Chinese side.

Few Manufactures. Agriculture is the principal industry, but methods of cultivation are still primitive. The fertile plains yield ginseng, rice, wheat, tobacco, millet, Indian corn, cotton, hemp, vegetables and fruit. Ginseng is a very important product. Its roots are used as medicine and tonic and a stimulant.

About 47% of the total area of Chosen now is covered with forests. The devastation one sees everywhere was due to the tyranny and neglect of old Korean kings. The Japanese are doing everything possible to encourage afforestation measures, as witness the young hemlock, spruce, and pines on every hillside.

The fishing industry is not fully developed due to the indolence and primitive methods of the natives. The surrounding seas are unusually rich in many varieties of fish. The chief mineral products are gold, iron, black lead and coal. The old manufactures for which Korea was famous are practically extinct. The Japanese residents are responsible for the establishment of the following industries: rice cleaning, tobacco manufacture, brick making, sake brewing, and the manufacture of electricity and gas. The government is making special efforts to train the natives in technical arts, but the imports still include cotton goods and various other articles in daily use.

No Dominant Language. Any traveller who knows Japanese will have no difficulty in Chosen. The native inhabitants use their own language to be sure, but the Japanese have entered in such large numbers that their language promises to be the dominant one before long. English also is in current use among a limited per cent of the population.

Ancient Trade Methods. Native stores exist only in the large towns. The necessaries of life are sold at fairs, held six times a month at some eight hundred places throughout the peninsula. The neighboring population assembles at these fairs, each one bringing something to be sold. Thus the rather primitive system of barter and exchange is maintained. Naturally these conditions do not affect the foreign manufacturer since his interest stops with supplying the importer who stands between him and the native merchant.

Sell Large Importers. Trade is largely in Chinese and Japanese hands but there are numerous English and some American concerns. The custom is to sell the larger importing houses, who in turn distribute to the smaller dealers or bazaar trade. The business of these importers is canvassed either by travelling salesmen or by a local representative who is in the best position to determine the kind of firms to solicit.

Banking Facilities. The Bank of Chosen is dominant. It issues notes and maintains fourteen branches in the country. In addition are found the Dai-ichi Ginko, a branch of the Hong Kong and Shanghai Banking Corporation and several smaller banks. There are numerous agricultural banks that furnish long period loans to farmers and agriculturists. The Oriental Colonization Company also furnishes funds to develop the agriculture and fishing industries. It was organized in 1908 under government protection and is capitalized at 10,000,000 yen.

Currency is Japanese. Japanese money circulates. No Chinese coins are allowed, but other foreign money and bank notes may be exchanged for Japanese currency at certain banks. The principal coins are gold pieces, of 5, 10, and 20 yen; silver of 10, 20 and 50 sen; nickel of 5 sen; and bronze of 1 sen and 5 rin. To a restricted extent bills of exchange and checks are used as currency.

Limits on Advertising. If local advertising is undertaken, agencies in Tokyo may be employed. There are a few journals in Chosen that have a local circulation, but the news and trade papers of Osaka and Tokyo have a larger sale than any of these local publications. "The Seoul Press," a semi-official organ, is the only paper published in English.

Documentation. The consular regulations are the same as those for Japan. Customs duties on imports and exports are low. An ad valorem import duty of 5% is levied on grain, vegetables, fruit, meat and other raw materials; a duty of 20% on jewels, precious metals, statues and other works of fine art; an export duty of 5% ad valorem on coal, iron-ore, grain, cattle and hides.

The Japanese Island of Formosa (Taiwan)

DESPITE the humanizing effect of Japanese control, now thoroughly established, the island of Formosa is still a strange mixture of civilization and savagery. Many of the wild tribes still are bloodthirsty head-hunters. The more peaceful tribes engage in hunting and fishing and agriculture, and have been influenced by the Japanese and Chinese manners and customs with which they come in contact. The population is estimated at over 3,000,000, and of these

only some 60,000 are Japanese and other foreigners. The official language is Japanese. Consular regulations are as for Japan.

Demand is Specific. General purchasing power has increased greatly since 1895, when the island came under the control of Japan. The principal trade of Formosa is with Japan, in Japanese ships. The demand for American goods is limited largely to such things as Japan herself cannot supply, such as machinery and railway material, kerosene, paraffin wax, sugar mills, sewing machines, watches, lumber, telephones, photographic supplies, California wines, condensed milk, patent medicines, canned goods, tobacco, perfumes, and rubber footwear.

Location for Agencies. The chief business places of Formosa are Taihoku, Tamsui, Kelung, Takow and Anping. If a local agent is necessary he is usually established at one of these points, from which he canvasses the rest of the island. Some firms, however, depend upon their representative in Amoy, China.

Climate Changeful. Climatic conditions are singular and no generalizations apply to the whole territory. When one region has its annual rainy season, another is dry. For instance, November is the wettest month in Kelung and the dryest in Taihoku. On the whole, October and November are the healthiest months and the best time for a visit. During the rainy season there is danger of malaria, and in the summer the humidity frequently makes the heat very oppressive and enervating.

Facilities for Travel. Nagasaki is only forty-eight hours away, and steamship communication with this and other points in Japan is frequent. The coasting services are maintained along two routes, one on the eastern and the other on the western coast. The Takow-Canton Service touches at Amoy, Swatow and Hong Kong; the Tamsui-Hong Kong Service at Amoy and Swatow; and the Takow-Tientsin Service at Kelung, Foochow and Shanghai, and on the home-bound trip at Dairen.

System of Highways. When Japan assumed control she immediately began the reconstruction of highways, and over 2,000 miles of excellent roads have been completed. In the

savage districts there are practically no roads, only narrow wandering paths. There are approximately 450 miles of railroads. The island lacks good natural harbors, but those at Kelung, Tamsui, Takow and Anping have been extensively improved.

Camphor, Tea, Sugar. The government camphor industry supplies the whole world. In the production of oolong tea, the favorite brand among Americans, Formosa has totally eclipsed that of China. The business of the production of tea now is chiefly by American and English firms. Within late years the possibilities for the development of the sugar industry have been recognized. Cane cuttings from Hawaii have been established. Among other agricultural products are rice, sweet potatoes, flax, and China-grass. Much of the rattan made into furniture at Hong Kong comes from Formosa. The mountain sides are covered with forests and the principal trees, in addition to the camphor tree, are the banyan and the areca palm. Only limited quantities of gold, coal, iron, sulphur, silver, and copper have been found.

Strong English Firms. Trade is in the hands of large importers, who in the main are Japanese, although there are a number of strong European firms, principally English. These concerns distribute to the retailers and the traders in the interior.

Banks and Branches. The Bank of Taiwan is the banking power of the island. In addition to the regular banking business it enjoys the right of issuing notes for native circulation. It has branches in Singapore, Kuchiang and elsewhere.

Japanese Currency. The currency is the same as that of Japan. Formerly confusion existed, due to three systems—the legal silver currency, the gold yen of Japan and the so-called Yamsui (chipped) dollar. The latter now is refused by Japan. Many of the native Formosans were unable to read and objected seriously to the introduction of paper currency. Japan compromised by making silver coins legal tender on the island even after her own currency was placed on the gold basis.

The Philippines as an American Market

WITH EVERY year of contact with Americans, the standard of living of the Filipinos has risen and their needs grown more complex as they have become better acquainted with the outside world. They are apt pupils of new ideas, especially after they are assured that the undertaking in question will mean success. As a race they are fundamentally individualistic. Their kindness and consideration in dealing with foreigners, children and old people are proverbial. True to type in their Oriental tendency to say things that are most pleasing to their audience, they make a *volte-face* with equanimity and are susceptible to the influence of the moment.

Are Natural Traders. Due perhaps to their strong Chinese strain, the Filipinos have a talent for trade and commercial activity. Quickness is a national characteristic, and, relying upon intuition rather than reasoning by analysis, the Filipinos usually manage to hold their own even with the proverbially clever American business man. They have no difficulty in getting his point of view, and quickly seize upon anything of value in his business practices that they can bend to their own purpose.

In their conceptions of work, we find the two extremes represented in the Chinese and the Filipinos. To the Chinaman, work means a chance to live. It is more or less a pleasing conception, and all his traditions, national and personal, are those of work. With the Filipino, on the other hand, work is not always considered a privilege. He has no traditions definitely connected with it and has no proper conception of the ultimate benefits to be derived from it, because he has been made conscious of these benefits only to a small extent.

Slow in Developing. The Filipinos lack self-reliance as well as proper facilities for developing their industries, and consequently are dependent largely upon foreign capital and ingenuity to supply the things which they need most. It has been estimated that if the native fisheries, land, manufactures, commerce, mines and forests were developed to their fullest extent, enough food and wealth would result to supply the needs of 60,000,000 people instead of the less than eight million found there at present. As it is,

great areas of rich soil are comparatively unproductive, due to lack of labor and capital. Raw products are disposed of with a great deal of waste in the processes of utilization.

American ingenuity has been responsible for considerable improvement in methods, but much remains to be done in this line. Cattle and work stock are bought from Australia, India, China and Manchuria, and the bulk of the supplies of food products and manufactured goods are obtained from the United States. During the past year or two the balance of trade has been turned in favor of the Philippines. The trade with the United Kingdom and with Japan increased greatly in 1916; that with the Dutch East Indies was doubled, due to the recent opening of a new line of steamers between Java and the Philippines en route to the United States; the trade with the United States was the largest on record and comprised large exportations of Philippine products.

Great Latent Wealth. Prior to American occupancy the Filipinos were ignorant of foreign market requirements and had no conception of the commercial possibilities of their wares. The population, possessing wonderful manual dexterity, had no lace, hat or embroidery industry of any commercial importance. They knew little about the markets of the world, and as yet their eyes had not been opened even to the opportunities presented by the tourist trade. The natural result was that the manual skill of the natives along these lines found expression only in the class of articles most in demand locally: that is, embroidery for altar cloths, trousseaus, and such wearing apparel as was used only by the very rich.

Native Development. All this has been changed in recent years. The Filipino has not been slow to recognize the advantage accruing to him from proper distribution and sale of his native products. Coincident with the slow and gradual development which preserves the resources of the islands for the Filipino as far as possible, has come a more rapid development arising out of the superior advantages offered by the United States for the natural and normal exploitation of the resources of the islands. In the sugar, copra, hemp, lumber, and tobacco industries, to which may be added increasing rubber possibilities, lies the promise of a brilliant future.

The Philippines are a latent market and source of supply for tropical products. They produce, or might be made to produce most of

the things which the United States now buys in South and Central America, with the possible exception of Chilean nitrate. The value of such imports runs into many millions annually.

Location for Agencies. Manila is the principal port and main gateway for trade. Other centres on the island of Luzon which possess some commercial importance because of their imminent relation to sources of supply are Dagupan, on the west coast about midway between the north and south ends of the island, Lingayen and San Fernando. Farther up on the coast is Laoag, and Aparri is located on the north end of the island at the mouth of the Cagayan River. Baguio is the capital of the mountain provinces and has been the government's summer capital. South of Manila, on Luzon, are Batangas and Nueva Caceres. In the southern portion of the islands are Cebu, on the island of the same name; Iloilo, a point of considerable importance on the island of Panay; and Bacolod and Dumaguete, both on the island of Negros. Catbalogan is in Samar and Zamboanga is on the southwest coast of the island of Mindanao. Numerous other smaller centres of some importance are scattered rather generally throughout the southern islands, but the points indicated are those best known to the commerce of the islands and those around which focus commercial activities of the Philippines.

Winter Best Season. On the whole the most delightful season is from November to March, when the nights are comparatively cool, and the heat less intense. The hottest months are April and May; the humidity is the highest in August and September. Even during the hottest months the heat is seldom more extreme than that experienced in New York on occasional intervals. It is not so much the extreme of heat, therefore, but the generally high and uniform temperature that is wearing, and that militates against attempts at systematic hard work. Baguio, which for several years was the summer capital, is 5,000 feet above sea level; its climate is as agreeable as that of any popular summer resort in the world.

Plagues Banished. The Philippine Islands formerly fell little short of being the world's plague spot. Improvements in sanitary conditions—the work of the Philippine government under American direction—have been so effective that diseases have been eradicated almost completely. The climate and present hygienic

conditions offer no dangers to the people who follow the common sense principles of health. The water supply has been purified, and the native inhabitants have been instructed by rule and reason and example in proper ways of living. With increase in health, with better food and with tangible inducements for effort, has come an increasing adaptability for sustained labor. The total result of our intervention in this respect is an achievement perhaps unparalleled in the complete history of the white man's work in the tropics.

Manila Easy to Reach. The principal ports of call are Manila in the north and Zamboanga in the south. The former has by far the best harbor facilities. The Pacific Ocean lines provide direct routes to these islands and also make Manila the port of call en route for more distant points in the Far East. Hong Kong maintains fairly good steamship connections with Manila, both through the large steamship companies and through the smaller companies that maintain weekly services between these two ports alone.

System of Railroads. Another achievement of American occupancy has been the construction of a net work of excellent roads, radiating from Manila as a center. Few countries on earth are so fully equipped with good roads in proportion to their material wealth. These roads have been constructed along scientific lines and are designed to support medium weight trucks operating at a reasonable speed. Approximately 4,000 miles of automobile roads have been completed. The Filipino peasants do not yet like to be hustled and prefer their old-fashioned carreton, or bull cart. For passenger traffic the carromata is still in use. The narrow tires of these native vehicles have been very destructive to the roads which are especially adapted to the use of motor vehicles. There are over 1,000 miles of railroads, chiefly in Luzon, Panay, Negros and Cebu.

The island of Luzon has the most complete railway equipment in the group. The numerous valleys and mountains have increased the cost of construction and maintenance. This cost is offset in part only when the freight is very heavy, but these various obstacles are being removed slowly and all indicates that the Philippines, before many years, will enjoy as good means of communication as are found anywhere in the world. Steamship facilities between Manila and important ports of surrounding islands always will remain an indispensable method of communication, but as yet they are not adequate. The

charting and lighting of the Philippine coast, an American accomplishment, is so efficient that navigation is as safe as it is almost anywhere else in the world. The larger shipping ports have splendid harbors, the one at Manila is among the finest in the world.

English is Language. English is the official language, taught regularly in the schools. It is the only one needed for commercial purposes. A knowledge of Spanish is important only as a means of maintaining social relations, and its importance even for this purpose rapidly is lessening. The tribal languages of the Philippines are numerous, and while the Tagalog and Visayan dialects are the ones used by a large per cent of the native population, no common tongue or native literature has developed.

Hemp, Sugar, Copra. Agriculture is the principal source of wealth. The leading products exported are: hemp or abacá, sugar, copra, tobacco, and lumber. Hemp is by far the best paying commodity. Neither hemp nor copra has a definite season; in both crops, therefore, the busy season depends on the desires of the workers. If they could be encouraged to work as hard at all times as they do in the short intervals when they desire immediate returns from their labors the yield would be materially increased. Of the 13,000,000 acres of arable land, only 7,000,000 are under cultivation, and much of this not high class. Rice is an important product, but the 3,000,000 acres given up to rice do not furnish a sufficient supply to feed the country and imports are required.

Lumber Output Low. Corn thrives and can be produced at low cost; but before the Americans came the Filipinos had no intelligent conception of the scientific use of corn as a food product. The trees of the Philippines yield fine varieties of lumber, but serious difficulties are encountered in attempting to make them serve commercial purposes. Of a forest area of over 38 million acres, 25 million are nearly virgin, and yet the Philippines import more lumber than the total amount of the lumber exports. The wood is sadly lacking in figure; the stand is so scattered that it cannot be worked with profit, and the lumber itself is generally too hard to serve practical purposes. Up in the mountains the rivers frequently are not navigable, and even when they are, the wood is too heavy to float down to tide water without difficulty.

Backward Industries. The deep sea fishing possibilities, again, are great but have not been developed. Although the surrounding waters teem with fish, the industry has never been organized. At least 1,600 kinds of fish are known to exist in the surrounding waters, among which may be mentioned sardines, herrings, anchovy, bonito, mackerel, lobster, tunny, mullet and cuttle fish. The mining industry, likewise, is undeveloped, but does not promise such rich returns. Gold is obtained from numerous parts of the islands, but its development has been confined to recent years and only two or three fields have been found profitable. Other mineral products include silver, quartz, coal, copper and lignite. The manufactories are limited more or less to sugar refining mills, tobacco, paper and liquor factories, cement mills and cocoanut oil mills. The native hand industries have been mentioned already. The making of hats, weaving of cloth and the embroideries have become commercialized and now add substantially to the income of the islands.

New Business Methods. Since the Americans arrived, business conditions in the Philippines have been revolutionized. The hours are longer and the siesta in the middle of the day is losing some of its popularity. The Chinese, as well as the Americans, have set an example for long hours and hard work. The Chinaman takes no holiday except during the Chinese New Year, and even the native employer recognizes the virtue of such a custom in a country which averages a holiday once every two weeks.

Natives Taking Hold. An interesting change during the last year or two has been the increase in the number of firms purely Filipino, or a combination of Filipino and American capital. In the future these firms undoubtedly will offer a very good field for American exporters. At the present time much of the importing is in the hands of large concerns, European as well as American, who in turn sell the Chinese dealers, the latter being depended upon to supply the small establishments and stores. The Chinese control about 75% of the entire commerce (domestic and foreign) of the islands, and 90% of the retail trade. Practically the only offices are in export cities, such as Manila, Cebu, and Iloilo.

The export and import business is largely in the hands of British and American firms. The shifting of trade routes since the beginning of the war has made Manila a center, within a radius of 2,000 miles,

for potential customers of American manufacturers estimated at 800,000,000 in all. The advantage is apparent of having Manila as a base of supply where American goods could be reshipped on short time to consumers in more remote parts of the Far East. Goods would be received within a week or two instead of the inevitable delay of weeks and occasionally months.

No Dearth of Banks. There are five large banks: the Hong Kong and Shanghai Banking Corporation, the Chartered Bank of India, Australia, and China, the Bank of the Philippine Islands, the Yokohama Specie Bank, Ltd., the International Banking Corporation, and the Philippine National Bank. The latter is in Manila, with branch banks in New York City and in Iloilo, Cebu, Zamboanga, Davao, Bacolod, Cabanatuan and Aparri, and many of the provinces of the Philippine Islands.

Credit Conditions. If proper care is taken, collections need offer no special difficulties. In Manila, credit information passes from one merchant to another, and those who do not pay are listed quickly. Credits from the provinces are more of a gamble than are those of Manila. Formerly Filipino credit was as free as water in small things; the only requirement for obtaining it was the ability of the purchaser to write his name to a "chit." The result was that when the importer and the wholesaler tried to get money from their customers (the retailers) they discovered that their chief assets were limitless bundles of "chits." This "chit" system has been the cause of much bitter experience of Americans, but they have profited by mistakes in the past. The retailers buying from wholesalers have followed the European idea (English, German and Spanish) almost entirely. In larger things, the business methods have taken on the characteristics of these foreign influences, with something added from the Chinese. Of late, they naturally have been Americanized to a considerable extent.

Currency Is Stable. The currency has been on a gold basis since 1900 when introduction of the Conant system made the United States dollar equivalent to two Philippine dollars. Formerly the Mexican dollar was the current coin. A Filipino coin, the peso (50c United States), was guaranteed by gold in June, 1904. The subsidiary coins are the silver peso, the 50, 20 and 10

centavos pieces, the 5 centavos piece (nickel), and the one centavo piece (bronze). The United States currency circulates at the fixed rate of $1 for two Filipino pesos.

Advertising Will Pay. Eighteen newspapers and periodicals are published in English, twenty in Spanish, eight in English and Spanish. The large dailies offer usual opportunities as advertising mediums. The advertising appeal will be much the same in the Philippines as in the United States. Illustrated advertising posters and illuminated displays may be used to good advantage.

Register Trade-Marks. The laws give ample protection to registered trade-marks. It is important to guard against imitations, calculated to deceive buyers, for the market is flooded with cheap imitations of standard articles.

Documents Needed. Certain articles, as follows, are subject to payment of duties or internal revenue tax upon arrival in the Philippines: goods which are not the growth, product or manufacture of the United States; rice; cigars and cigarettes, tobacco, snuff, liquors and matches; also articles upon which drawback of customs duties has been claimed or allowed. The shipment of opium or preparations thereof is prohibited. (For special regulations regarding drawbacks, documents needed for exemption claims and special forms of invoices, see page 105.) If through accident or necessity goods become unpacked en route, they will be admitted free of duty provided satisfactory proof is offered that it is the identical merchandise originally shipped and that its condition remains unchanged except as damage may have been sustained.

Trade Information. The Philippine government endeavors to place general information regarding trade opportunities and development in the hands of any who may be interested. The following departments may be consulted: The Executive Bureau, the Bureau of Science, the Bureau of Agriculture, the Bureau of Forestry, the Bureau of Internal Revenue, the Bureau of Lands, and the Philippine Sugar Central Board. Other sources are the Philippine National Bank, the Manila Merchants Association and the Philippine Commercial Agent, who may be addressed at the Bureau of Foreign and Domestic Commerce at Washington.

China's Four-Hundred-Million Market

CHINA would cordially welcome a trade invasion by the United States, whom she considers, not without reason, her best friend among nations. Her industrial awakening has been accelerated by the war, due to the fact that she has been shut off from her usual foreign sources of supply. Her population is demanding the comforts and luxuries and novelties of a modern civilization, as well as its needs. China now stands second among the countries of Asia as a buyer of American goods. The population, estimated at 400,000,000, is passing from the pastoral to the industrial stage. Within three or four decades the Chinese may reach a stage of manufacturing independence; until then they are ready to buy freely whatever they cannot manufacture or cannot produce as cheaply as they can buy.

Chinese Characteristics. The Chinese are a peace-loving and industrious people. They remember a kindness and retain a strong sense of obligation to their benefactors. They are never brusque and reveal unusual deliberation in undertaking a new venture. With the traditions of centuries behind them they prefer the old and the familiar, but they are always ready to accept the new when they have been fully convinced that it will prove useful. This one characteristic of theirs must never be lost sight of in commercial transactions with them. We must be prepared to give the Chinaman what he wants, not because it is the best, but because he wants it. Some one has said that adaptation is the soul of foreign trade; nowhere is this truer than in China.

In the main, there exists a high standard of commercial morality. Whether or not this morality is built upon a basis of ethics or of business experience and necessity, is a question outside the realm of the present discussion. The Chinese usually are honest when they are placed in a position that involves responsibility. Their standards are not exactly like our own, but it is not for us to say whether they are better or worse than ours. For purposes of trade and commerce, the American business man must remember that in China, indeed in the Orient as a whole, things are not as they seem.

The difficulty of understanding is mutual. We must not be impatient with the Chinese if they fail to appreciate our merits and

institutions because we probably show the same lack of appreciation of theirs. At all times we must be prepared to study conditions, since careful study and proper understanding of all elements in foreign trade transactions are requisites for success.

The Masses Awakening. Japan, through the advantage of position, at present almost dominates the market. The only other producing country not cut off by the war was Great Britain (including Hong Kong, India and Canada). Japan can produce and sell goods at minimum prices not only because she is near the market of demand but because her labor is cheap and her labor problems are far less serious than ours. The great mass of the Chinese population formerly used only the things they needed to exist. With improvement of social and political conditions, however, has come an increased demand for foreign products.

For the commercial development of the country the people must be educated. Trade should penetrate into the interior and not be merely a matter of the treaty ports. The government might offer protection to business by establishing a common currency system, by giving proper recognition to holders of patents and copyrights and by facilitating the exchange of goods and money in every possible way. It is difficult to enumerate the various articles in demand. The Chinese will buy tried and familiar goods of every kind if they are cheap. The trade in cotton piece goods represents about 30 per cent of the imports; next come machinery, woolen goods, metals, rice, opium, cigarettes, coal, fish, tinned goods and electrical supplies.

Location for Agencies. For commercial purposes China is divided into three territories, the southern, the central and the northern. The southern provinces comprise: Kwangtung, Kwangsi, Fukien, Yunnan and Kweichow. Foochow, the capital of the Fukien Province, is the center of the South China tea trade. The central district includes the provinces along the Yangtze Valley, inland to Szechwan and Tibet; this covers one of the richest spots in the world, and it will yield rich returns when it is opened more extensively to commerce by inland railroad transportation. The northern district comprises Chihli, South Manchuria and Mongolia. European manufacturers and the majority of American houses who have entered the Chinese market have been accustomed to work with the large importing firms who are located in the chief ports of China.

Because of the vast area of this country it ordinarily is not practicable to confine sales efforts to the two towns of Hong Kong and Shanghai, as many firms do. In the north, considerable business is transacted at Tientsin, which has excellent railway connections. Chefoo is another important distributing center on the Shantung peninsula. Hankow, about 600 miles up the River Yangtze, must also be reckoned with. There are a number of other places, such as Swatow, Canton and Chinkiang, in which a good deal of trade is done and in which local agencies often can be placed. Very frequently arrangements are made with a main house in Shanghai and the representatives in the other places are directed from that center.

Ports Open to Trade. There are seventy-four ports open to foreign trade in Chinese territory (forty-four in China proper, twenty-six in Manchuria, three in Tibet and one in Sin-kiang). In China Proper, Shanghai is the center of distribution. The complete list of open ports, including those of Tibet, Mongolia and Manchuria, grouped by provinces, is as follows:

Kiang-su
- Shanghai
- Woo-sung
- Chinkiang
- Nanking
- Soo-chow

Chihli
- Tientsin
- Chin-wang-tao

Shan-tung
- Che-foo
- Kia-chou (or Ching-tao)
- Chi-nan
- Chou-tsun
- Wei-hsien
- Wei-hai-wei

An-hwei
- Wu-hu

Kiang-si
- Kiu-kiang

Hu-peh
- Hankow
- Sha-si
- I-chang

Kwang-tung
- Hongkong
- Swatow
- Canton
- Kowloon
- Lappa
- Sam-shui
- Kong-moon
- Macao
- Pak-hoi
- Kiung-chow (or Hoi-how)
- Kwang-chau-wan

Hu-nan
- Yo-chow
- Chang-sha

Che-kiang
- Hang-chow
- Ning-po
- Wen-chow

Fukien
- Foochow
- Amoy
- San-tu-ao

Szechwan
- Chung-king

Kwangsi
- Wu-chow
- Nan-ning
- Lung-chow

Yunnan
- Meng-tsz
- Sze-mao
- Teng-yueh

Sheng-king
- Ying-kou (Port of New-chwang)
- Dairen
- Antung
- Ta-tung-kou
- Mukden
- Feng-huang-cheng
- Liao-yang
- Hsin-min-fu
- Tieh-ling
- Tung-kiang-tzu
- Fa-ku-men

Kirin
- Kirin
- Chang-chun
- Harbin
- Ninguta
- Hun-chun
- San-sing
- Sui-fen-ho
- Lung-ching-tsum
- Chu-tzu-chieh
- Tou-tao-kou
- Pai-tsao-kou

Hei-lung-kiang
- Tsitsihar
- Hailar
- Aigun
- Man-chou-li

Sin-kiang
- Kashgar

Tibet
- Yatung
- Gartok
- Gyangtze

Best Travel Season. The climate of China compares favorably with that of any country in the same latitude. There is as much difference between the climate of Shanghai and

Peking as between that of New Orleans and New York. As a whole the country has no special climatic dangers for foreigners. It can be visited at any season of the year. The autumn is the best season for traveling through North China, the late autumn and early winter for middle China and the late winter and early spring for Southern China. North China is a healthful region. It usually is pleasantly warm in summer, though often hot, and cold and bracing in winter. The constant rains during July and August make traveling impossible, except by railway and steamboat. The central region is damp, with a low temperature in winter and prolonged heat in summer. The sub-tropical south is always warm; its hot, damp climate is wearing on Americans and Europeans, who lose much of their characteristic energy after a long residence there.

Routes to the East. In normal times, there are three main travel routes leading from Europe and the United States to China: the American Route, the Suez Route and the Siberian Route. The North American is served by the Atlantic steamship lines, the Pacific steamship lines and the overland continental routes. Before the war several steamship lines maintained regular service between Europe and Asia, and all of their steamers as a rule called at Hong Kong and Shanghai. The trip from London to Shanghai takes from thirty-eight to forty days. A through-ticket arrangement is maintained between the chief cities of Europe and of China.

Inland Transportation. China's population is four times that of the United States. Its area is about one-third greater. Where the United States has 240,000 miles of railroads, China has only about 7,000 miles. Transportation along modern lines is the secret of the future development of the country, and there is an unusual opportunity for foreign capital and labor in the building of new roads. Surveys have been completed for the construction of over 1,000 miles of new railroads. Inland travel is by means of sedan chairs or on horseback. Goods are transported by wheelbarrows and pack animals. The rivers and canals offer fair means of internal waterway transportation.

There are numerous highways in China, but few roads in the real sense of the word. The Rockefeller Foundation, working through the Chinese Director General of Flood Relief and Conservancy, has completed arrangements for the building of a model

highway from Peking to Tungchow. Good roads and proper means of transportation are necessary in order to reach the interior markets of the country, to get the highest value for commodities and to sell as much as possible. Merchandise is now transported at a cost of ten cents per ton mile, as against .0069 per ton mile in America.

Passports for Interior. No passports are needed in the treaty ports. For travel in the interior passports are issued by the consuls of the different nations and endorsed by Chinese local magistrates. The maximum term is thirteen months and the passport entitles the bearer to travel freely for pleasure or trade.

An Official Language. The official language is Mandarin Chinese (Chin Yin); Cantonese prevails in the south. English also is a common language in the treaty ports. The representative on the field should have a practical working knowledge of the Mandarin dialect, at least to the point where he can carry on a simple trade conversation. Because of the great number of Chinese written characters or ideographs—49,400 in all, though a knowledge of 2,500 is sufficient to master the classics—the language is extremely difficult to learn. In addition, no one spoken dialect prevails throughout the whole country.

The Peking Language School, under the direction of Americans, aims to turn out students in one year with sufficient knowledge of Chinese to serve the more elementary purposes of trade. In addition students are instructed in the customs, geography and conditions of the country. The British Chamber of Commerce also has established a language school in Tientsin, emphasizing the study of conversational and written Chinese in general use.

Untouched Resources. Development of China's resources is dependent on capital—on increasing her power to buy and sell. Her trade should be ten times what it is, the odds being in her favor as a country producing cheaply and selling to high purchasing power countries. More than 90 per cent of the population is agricultural. Vast areas of land are under cultivation, and all farming is intensive to such an extent that the Chinese farmer becomes practically a gardener. Unlike American methods, the Chinaman does not live on his little plot of cultivated ground, but instead in a village; he goes to work each morning and returns at night.

The Chinaman looks upon agriculture as the very basis of his social system. Numerous agricultural schools and associations have been organized and experimental farms have been established in all the provinces. The chief products are cotton, rice, tea, sugar, beans, vegetable oils, sesame, wax, fibres, camphor, peanuts, wheat, barley, maize, millet and other cereals, and indigo. The rearing of silk worms always has been encouraged. The mineral supply is abundant, consisting principally of iron, copper, gold, silver, quick silver, lead, tin, zinc, nitre, alum, gypsum, jade and precious stones and coal. The mining industry still is in a rudimentary and experimental stage, only a few provinces having introduced modern machinery.

The domestic industries have expanded greatly during the past few years. The war has hastened the industrial awakening of China, and an attempt has been made to produce at home the things that she has been unable to buy because of closed markets. Manufactories along almost every line have been established, such as flour and rice mills, brick and cement works, candle and soap factories, oil and paper mills, cotton weaving and silk filatures, chemical manufactories, iron and steel works and sugar refineries.

Honesty in Business. The Chinaman is a gambler; what we call "luck" plays an astonishingly large part in his daily business routine. He is extremely cautious in everything he undertakes, because it is considered a great disgrace to fail in business. Despite this caution, the foreigner often will be surprised to find business undertakings of great magnitude carried out in the midst of unpretentious surroundings. The Chinaman is a born merchant. His mind constantly is occupied with questions of barter and exchange.

Once a year—at the Chinese New Year—the Chinese settle their accounts. Inability to meet their obligations is considered so serious an offense that it has often been made an occasion for suicide. Familiarity with this custom of regularity in checking up their debits and credits is of great importance to the American business man, and especially so in a country where it is extremely difficult to obtain general information regarding credit conditions.

Where You Can Trade. The number of places in which foreign houses operate is limited. Trading in the interior is carried on by Chinese firms who buy of the chief importing houses established in Shanghai, Hong Kong, Amoy, etc.,

through the medium of their compradors. American firms who wish to do business in China should preferably make connections with American houses established in the places specified, as such importers are thoroughly acquainted with local conditions, customs, requirements of the trade and other details. It is interesting to note, however, that an increasing business is being done direct with Chinese firms, which have been growing in wealth, influence and purchasing power. These firms distribute to the bazaars and retail traders.

Study at Firsthand. Most of the trade of China has been carried on through commission houses. In order to compete with other nations, American manufacturers will need to make a more intensive study of conditions firsthand. China's industrial needs will never be learned fully from this side of the Pacific. We should make a careful study of what China wants. It will do no good to insist on selling goods that the Chinaman does not like. If a particular brand is not exactly as represented, an entire city will boycott it in a short time. Goods should conform to sample. This can be accomplished only when specifications have been given carefully and as carefully transmitted to the factory at home.

The Chinese Hongs. Export and import houses, chiefly British, are known as hongs. While Chinese currency continues to fluctuate radically in value and is not placed on a stable basis, and so long as Americans do not know the field and native conditions better, these houses are practically indispensable. Any attempt at concentration is impossible, however, as many of these houses represent some fifty firms. Another defect in the system is that Chinese and American merchants are not brought together, and the seller never learns to know the one person who best understands the needs of the country—the real purchaser of his goods.

What is a Comprador? The native middleman in the commission houses is known as a comprador, or shroff. He is indispensable to the merchant who does not know the Chinese language, as he himself speaks English (or pigeon English). In addition to being an interpreter he is also a credit man and confidential agent. He is bonded by the Chinese and employs a shroff cashier who is also under bond. To the banks he extends his guarantee that bills are what they purport to be. He is engaged at a

percentage with a guaranteed minimum, for which he responds to the importers. He guarantees the financial operations of those whom he represents. Occasionally it happens that his entire profit is swept away by default.

On the whole, however, he knows the merchants fairly well, and proceeds with caution since it becomes a matter of personal honor to succeed in a profession that has passed from generation to generation. The position of comprador has fallen into more or less ill repute due to some who are unscrupulous and abuse their position by exploiting the native merchant. If the middleman could be eliminated the Chinese business man would gradually become familiar with foreign business methods.

Guilds in All Trades. The Chinese trade guilds are very powerful. Each trade has its own guild, which acts as stabilizing factor, settles disputes, examines books and promotes and encourages the interests of the trade in question. Within the guilds the government is democratic. Formerly these associations enjoyed absolute control; now, though their power has been limited by the introduction of foreign methods of trade, they still fix and enforce prices, modify trade customs and regulate commerce.

No Lack of Banks. China has four kinds of banking institutions—the large foreign banks, the national banks, established by the government, large native banks, dealing in loans and discounts, and the smaller native banks. Until recently there was no law requiring banks to be organized and incorporated, but with the establishment of the Republic modern banking methods were introduced. The leading Chinese banks are the Bank of China and the Bank of Communications. The Bank of Territorial Development, established in 1915, has 56 branches; its influence predominates in Manchuria.

The following foreign banks operate in China: *British,* Hong Kong and Shanghai Banking Corporation, Mercantile Bank of India, Chartered Bank of India, Australia, and China, and Lloyd's Bank; *American,* International Banking Corporation, the Asia Banking Corporation and the Philippine National Bank; *Japanese,* Yokohama Specie Bank, Bank of Chosen and the Bank of Taiwan, Ltd.; *Chino-Japanese,* Japan-China Bank; *French,* Banque de L'Indo-Chine, Banque Industrielle de Chine and Banque Belge pour l'Etranger;

Russia-France, Banque Russo-Asiatique; *Dutch,* Netherlands Trading Society and Netherlands-India Commercial Bank. China is rapidly introducing modern banking methods. Twelve of the native banks have formed a Native Bankers Association in Shanghai with progressive methods and American equipment.

An Unstable Currency. The Chinese currency situation is always confused, but prospective exporters need not concern themselves with it, since it is the problem of the dealer there; they can transact business in American money with the importers of the principal ports. However, a general knowledge of conditions may prove helpful. The national coinage act, promulgated in 1914, fixed silver as the standard with the unit of seventy-two candareens. The reforms effected to date are as follows: unification of design of dollars; fixing of weight and fineness; maintenance of decimal progression; abolition of market quotations for standard coins; and the recalling and melting of old dollars.

The coin most widely used is the cash, or li, made from an alloy of copper, iron and tin. It is the only coin which circulates universally throughout the provinces. Its United States equivalent at par is 0.0007 of a dollar; in size it is equal to our twenty-five cent piece. These coins are usually strung in lots of 500 or 1000, with knots between each hundred. The copper cent is generally worth either one-hundredth of a dollar or ten cash. A dollar coin is largely used for domestic and retail transactions. Some ten varieties of Chinese dollars are in circulation, together with Hong Kong and Straits dollars, the Mexican dollar and the old Spanish or Carolus dollar. The actual value of the Chinese dollar in the money of the United States varies according to the price of silver. It is nowhere fixed in terms of taels of silver.

Value of Silver Tael. The tael is not a coin but a weight supposed to be an ounce; by the natives it is called a liang. The United States equivalent at par of the tael is 0.703. In theory the money table of China reads as follows: one tael equals 10 mace; one mace equals 10 candareens; one candareen 10 cash.

A great many false coins are in circulation, their value being about half that of the good coins. These counterfeits are passed off on tourists and unwary strangers. The Mexican silver dollar, for instance, is often split in half, part of the silver removed and a copper

disk inserted in its place. The cheat is readily detected, however, since it will split again if thrown violently on a desk.

Pictures in Advertising. About 40,000,000 Chinese are able to read their own language; of these 260,000 can read English, and out of this number 1500 have studied in American schools. There are about 165,000 foreigners in China. Because of the inevitable handicap of language, the Chinese can best be reached through the medium of illustrated advertising. There are altogether some 440 newspapers in China, of which 50 have fairly good circulation. One newspaper has a daily circulation of about 30,000. Papers are resold sometimes as many as ten times, the price becoming smaller as the paper grows older. Usually it costs no more to run an advertisement daily than to insert it once each month. Foreign firms advertise in Chinese almanacs, such as Hallock's Miscellany. Chinese editions of Hong Kong and Shanghai papers are good advertising mediums.

It is also advantageous to advertise in railroad stations, where native travelers usually gather long before the arrival of trains. Posters are unusually effective since they reach nine-tenths of the people. In planning these posters, it is necessary to follow the known rules of advertising art, for the Chinese have a highly developed artistic sense. Illustrated advertising visualizes the trade-mark or "chop." Unless absolutely necessary, the invaluable asset known as a "chop" should never be changed, for once it is firmly established the Chinaman will ask for no other.

Trade-Mark Registry. In China there are no trade-mark laws. The regulations of the Trade-Mark Union have been applied by the Powers for the protection of those trading in the country. Firms always should register their trade-mark in Japan (through a resident representative of the applicant furnished with a power of attorney; the customary fee is 50 yen). It should then be registered in each of the American consulates in China, also with the Chinese Maritime Customs. Care should be taken in the selection of appropriate trade-marks. The choice should be left to someone who knows the country intimately, because many nouns have a symbolic meaning and there is danger of choosing a word which might be highly inappropriate to the purpose intended and might even rouse lasting prejudice against the product exploited.

Consular Offices. American consulates or sub-consulates are maintained in the following cities, nearly all of which are the commercial centers for important hinterlands.

Amoy	Chefoo	Hankow	Nanking
Antung	Chung-king	Harbin	Shanghai
Canton	Dairen	Hong Kong	Swatow
Chang-sha	Foochow	Mukden	Tientsin

Tariffs on Imports. No consular documents are required, but importation of firearms and ammunition must be authorized by the government. The importation of salt is forbidden (except in the British possession of Hong Kong). The revised Chinese customs tariff went into effect early in the year. Wherever possible, specific duties were substituted for ad valorem, the latter being retained only when goods consist of several grades and cannot be given one specific value. All revaluations have been based on an effective 5%. The new schedule is arranged by groups and not in alphabetical order. It will be revised two years after a definite peace is concluded, when prices of commodities will become normal. Another feature provides for timely distribution of trade information and improvements in customs statistics. Daily trade records, in Chinese and English, will be issued by customs officials in the principal ports for the information of merchants.

Trade Lists on File. American trade lists and catalogues, business directories and trade journals are kept on file in the various consulates in Chinese commercial centres. At Amoy, for instance, a trade library of some 500 titles can be consulted. The Commercial and Industrial Commission of the Ministry of Agriculture and Commerce, in Peking, maintains a similar library for the benefit of Chinese importers and exporters. This Commission welcomes complimentary subscriptions to American trade journals and any other trade publications that will be of aid in the development of the trade of China.

Sources of Information. China maintains an embassy at Washington, D. C., and mail should be addressed simply to the Chinese Embassy there. The American ambassador in China has his headquarters in Peking. In addition to the various consulates valuable information can be secured through the American Chamber of Commerce of China.

Hong Kong: Market Place of the Far East

HONG KONG is the great free port and shipping center of the Orient. A British trade colony, with an area of only thirty-one square miles, its strategic location on all of the steamship routes between Europe and the Far East gives it rank as one of the great ports of the world. Added to this, the stability of its government and the resultant safety for property have made it the focus of English trading effort with China and the islands and regions bordering on the South China and Yellow seas.

Controls China's Trade. Hong Kong's function and importance as a receiving and re-shipping point are illustrated by the fact that in 1913, just before the war upset the Eastern as well as the Western world, more than half of all the goods imported by China from Great Britain and her dependencies passed through the hands of Hong Kong merchants—$125,295,000 out of a total of $239,690,000. On the export side, Hong Kong's domination was even more pronounced. Four-fifths of China's sales to the British Empire went to Hong Kong houses—$85,503,000 out of a total of $108,338,000. In a lesser degree, Hong Kong's control extends also to many of the islands of the East Indian archipelago. Its export of home products and importations for home consumption are less important; normally the first amount to about $10,000,000 and the latter to $20,000,000 annually.

Products in Demand. Before the war this trade was largely British, but recently Japanese and American goods have been imported in continually larger quantities. Since Hong Kong is a free port there are no official estimates of trade, but the average annual volume of exports and imports into the colony is put at about $600,000,000. The imports from American territory (United States and the Philippines) include tobacco, rice flour, kerosene, machinery, food products, hardware, cotton goods, lumber, old newspapers for wrapping purposes, opium, marine products, coal, salt, iron and other metals. The exports consist of tea, peanuts, hides, fish, meat and dairy products, sugar, silk fabrics and yarn, tea, mats, lead, rat-

tan, feathers, and cut granite. Rice is sent to Mexico, Central and South America, and to Cuba by way of the United States.

Winter Season Fine. The best time to visit Hong Kong is from November to March, when it is pleasant and cool. During the summer months the heat is monotonous and the rainfall frequently is excessive. Hong Kong is in the typhoon area; September is the month when the typhoons cause the most serious damage both on land and sea.

Location for Agencies. Because of its unexcelled facilities for connections with points in the Far East, including northern China, Manchuria, Siam, Indo-China, Borneo, etc., many European firms establish agencies in Hong Kong. Most of the importers who have establishments in Shanghai maintain branches here. Salesmen sent to canvass China will find it advantageous to include Hong Kong in their territory.

A Shipping Center. As a center of distribution, Hong Kong enjoys extraordinary facilities of transportation by sea. The following steamship lines make Hong Kong an important port of call or a base of operations: The Oriental coasting service; steamships of the Australian, North American, South American and European routes; and steamship services with Canton, Macao and Wu-chow. The Canton-Kowloon Railway operates between Kowloon and Canton—a distance of 111 miles. The first cable tramway ever constructed in Asia operates between Garden Road and the famous Peak District.

Language is English. English is the official language for trade and commerce. A general knowledge of Chinese naturally would be useful here as well as in other districts where the population is so overwhelmingly Chinese.

Limited Resources. Hong Kong's resources have been indicated in the list of principal exports given above. It probably will never become a great industrial center because it has no water power for generating electricity and is forced to import its iron from Great Britain, its coal from Japan and its petroleum from Borneo. The determination of the British to build up industries has

resulted in the establishing of significant manufactories along certain lines. Shipbuilding is by all odds the most prominent industry and is the main source of the prosperity of the colony as a whole. Next in importance come the sugar refineries and rope factories, followed by cotton mills, saw mills, ice, glass, soap, and cement works.

Trading Conditions. The principal importers are English firms and various European houses, including the Dutch. Of late an increasing number of American houses have established themselves here. As a rule, business is done with these importing merchants who in turn, through their compradors, work the retail merchants, bazaars, etc. The Japanese also are represented and are increasing their business direct with Chinese buyers.

Banking Facilities. Besides Chinese banks, branches are maintained by the Hong Kong and Shanghai Banking Corporation, the Chartered Bank of India, Australia and China, and the Mercantile Bank of India, Limited, the International Banking Corporation (an American institution), the Yokohama Specie Bank, Bank of Taiwan, Ltd., and the Netherlands Trading Society.

No Currency Problem. British gold and silver and Hong Kong and Mexican dollars are recognized as legal tender. The circulation of coins from Japan, French Indo-China and Singapore has been prohibited. Silver pieces of 50, 20, 10, 5 cents and 1 cent copper coins are accepted as legal tender in amounts not exceeding $2. The paper money in circulation consists of the notes issued by the banks just mentioned.

American Goods in French Indo-China

AN ENERGETIC race, the Annamese constitute practically five-sixths of the total population of French Indo-China, which comprises the following states: Annam, Cochin-China, Cambodia, Tonkin, Laos, and the territory of Kwangchow. As a whole the Annamese are a patient and industrious people. Especially those of Tonkin are very energetic and robust and resent the invasion of their territory by Chinese traders. The country in which they live offers the necessaries of life without requiring great effort to procure them. They have exhibited unusual ingenuity in irrigating their land and in preventing floods.

Like the Chinese they consider it a misfortune to die far away from home, and as a consequence their native resources have been developed more extensively perhaps than those of their neighbors on the surrounding islands. They have shown a special aptitude for mechanical work as well as for the crafts. Thousands of them were drafted as motor-truck drivers for the French army service during the war; and proved both brave and efficient. In spite of their general industry, serious work does not interest them as an end in itself and they are quick to forego labor at the slightest provocation, if an opportunity for amusement and pleasure is in prospect.

A Developed Market. The opportunities for trade are unusual, as French Indo-China now requires all kinds of manufactures and can export, in return, rice, coal, hides, rubber and cotton. Before the war France supplied Saigon and other important centers with their principal imports. Practically no trade with the mother country has been carried on within the last few years, and during this period Indo-China has been forced to satisfy its wants elsewhere. Its leading sources of supply are the United States and Japan. There is a great demand in Indo-China for American goods, such as flour, canned goods, dried fruits, cheese, leather, roofing materials, typewriters, agricultural implements, cement, tin, iron sheets, machinery, hardware, galvanized sheets, calamine and sulphate of zinc. The post-war market promises at least equally good returns if American manufacturers will make a special endeavor to satisfy the real needs of local merchants.

Location for Agencies. When a local agent for Indo-China is required, he usually is located in Saigon. From this point the rest of Indo-China is canvassed, including the cities of Pnompenh, in Cambodia; Hue, Ha-noi, in Tonkin; Hai-phong, port for Ha-noi, and Tourane, a port in Annam. There are also some other towns of lesser importance.

Best Time to Visit. The dry season is the more healthful and the best time to visit the country. This period lasts from October to April. The wet season comprises one-half of the year (from April to October) and the winds, carrying moisture from the seas to the north, usually are from the southwest or the southeast. During this season an epidemic fever, called flood fever, prevails and the climate is generally unhealthful. Cochin-China and Cambodia in the south have a tropical climate and the temperature is high. The weather is subject to greater extremes in the north and the winters there are considerably cooler, although the summers usually are disagreeably hot.

On Steamship Routes. Saigon is easy of access from Europe in normal times, and is also within reach of more remote parts of the Far East. Or, if desired, the traveler can reach French Indo-China inland by way of China or Siam. An important line from Marseilles to Yokohama touches at Indo-Chinese ports; local lines connect Saigon with Singapore and with Bangkok, and Hai-phong with Hong Kong. Inland routes can be planned from the following centers: Saigon, Ha-noi and Tourane.

Many Good Railroads. The railway service is unusually good. The important centers are provided with railway facilities; a line is in construction which will bring Ha-noi into railway communication with Bangkok, the capital of Siam. There is daily as well as weekly service on the coastwise steamship lines. The rivers and their tributaries (the Red River in the north and the Mekong in the south) are navigable except in the dry season, when this service is not entirely dependable. Automobile, carriage, and rikisha services are maintained in all the large towns, the latter, of course, being far the cheaper of the three.

During the war the French authorities were strict about passports. Even in normal times it is well for the traveler to provide himself with means of identification, although they may never be needed.

Natural Resources. The principal occupation is agriculture, the chief product rice. One-half the total exports of the country consist of rice and the products of rice. Saigon is the principal rice port of the world. Other products include maize, pepper, cotton, rubber, cinnamon, copra, badian, castor oil and fruits. Large tracts of wooded land yield some twenty varieties of timber. Fishing also is an important industry in Annam, Tonkin and Cochin-China. The river valleys and highlands abound in big game, and cattle, buffalos and carabao are raised on experimental stock farms.

The mineral supply is not extensive, but it includes coal, iron, zinc, tin, lignite, antimony and wolfram. Although the manufactures are not highly developed, the following industries are found: rice-milling, lumbering, distilling, cotton spinning, and match, briquette, cement, lime, and salt manufactories. The native handicrafts were highly developed at one time, and the embroideries of gold and silver represented distinctive attempts at creating a permanent native art.

French Tongue in Use. The commercial language is French, and all correspondence and descriptive literature should be in that language. The language in common use among the natives of French Indo-China is the Annamese, which usually is found very difficult to learn. Because of the heat it is customary for business firms, shops, and banks to close every day from 11 A. M. to 2 or 3 P. M. The usual way of approaching prospective customers is through travelling salesmen.

French Predominate. The importing business is mainly in the hands of French, Swiss and other European firms, but the French greatly predominate. The retailers are Chinese, Annamese and Hindoos. It is for this reason that the comprador system is in use here. The compradors become responsible to the importing houses for the value of the goods which they distribute to the retailers and the traders in the interior. Americans may grant the exclusive sale of their goods to one of the large importers of Saigon, who obligates himself to distribute to the rest of the country, or who has agents calling on such importers as he considers worth while.

International Banks. The principal banks are the Banque de l'Indo-Chine, operating in Saigon, Hai-phong, Hanoi, Pnompenh and Tourane, and branches of the Hong Kong and

Shanghai Banking Corporation and the Chartered Bank of India, Australia and China.

Has Its Own Currency. The currency unit is the piastre, a silver coin of 100 cents. The fractional silver coins are 50, 20 and 10 cent pieces, and a one-cent bronze piece and a copper coin called sapek also are in use. The paper currency consists of notes, issued by the Bank of Indo-China, in denominations of one, five, twenty and one hundred piastres.

Pictures Make Sales. Newspaper advertising will reach only the foreign element and a few of the natives—those of the upper class who are able to read. Illustrated advertising is more effective because the Annamese are fully as interested in a familiar "chop" or trade-mark as are the Chinese. Bill-boards with highly colored picture advertising are used freely. They are in the hands of a Saigon bill posting company, whose address can be obtained from the Bureau of Foreign and Domestic Commerce.

Consular Office. The consular office is located at Saigon. Information regarding the interior, local transportation routes and charges, such as the salesman will need to know, can be secured at the tourist bureaus at Saigon and Ha-noi.

Documents Needed. Import regulations are the same as for France. The tariff system is complex, with maximum, minimum and special rates of taxation, the rates being dependent on weight. To avoid the maximum rate of duty on certain goods, a certificate of origin is required. The regulations regarding consular invoices, inspection certificates and bills of lading are too detailed to be included here. (Consult a standard exporters' manual before making shipments of any kind.)

Manchuria, an Undeveloped Empire

THERE IS no longer a Manchu population of any consequence except in the north part of the basin of the Sungari and along the Ussuri. The Chinese from the provinces of Chihli and Shantung have invaded the country and constitute more than half the population of Manchuria. They are industrious and sober and intelligent. Each spring there is a coolie movement from the south, which goes back again in the fall. Along the railroad zones are found Japanese and Russians, and a few Mongolians and nomadic tribes are scattered throughout the remote regions.

Goods in Demand. American cotton goods are in demand, and in the construction of new railroad lines American rolling stock and rails have been used freely. The principal imports include, in addition: machinery, building materials, clothing, tobacco, glass, electrical equipment and supplies and so on.

Chief Trading Points. The principal city and port of Manchuria is Dairen, or Dalny. Another important and rapidly growing city is Newchwang. The cities of Mukden, Harbin, and Antung are the other chief centers. Kirin is a busy manufacturing and industrial center as well as an entrepôt for trade.

Location for Agencies. Agencies are usually established in Harbin, which is the headquarters of the China Eastern Railway Administration. It is also the point at which this line joins the railway between Europe and Vladivostok by way of Siberia; a branch runs to the south with connections in China and Korea.

Best Travel Season. Manchuria lies practically within the same parallels of latitude as our great Northwest. The spring and autumn are short. In the north the rivers are icebound about six months of the year. Manchuria can best be visited from April to October. During the rainy season in the south, which frequently lasts through July and August, the heavy floods stop all traffic except in the provinces where good modern roads are found. Special precautions must be taken to guard against the bitter

cold of the northern winters if it is found necessary to travel in the interior during this season.

Good Transportation. An extensive railway system connects the important towns. The Trans-Manchurian line runs for 960 miles through Manchuria and connects Vladivostok with Trans-Baikalia. Steamship service is maintained between Vladivostok, Fusan, Dairen and Yingkow to important ports in Japan and middle and south China. The principal rivers are Liao, Yalu, Sungari, Amur and Ussuri. They are navigable for long distances but have not the commercial importance of the railways. There are a few highways but no roads in the usually accepted sense of the term. The Manchurians prefer their "winter roads" on the frozen rivers; their native large two-wheeled cart is the only means of conveyance outside the railway and the jinrikisha introduced by the Chinese.

A Babel of Tongues. The old Manchu is spoken now only by a few Manchu families. In North Manchuria, Russian is the prevailing foreign language, and in the south Japanese and English and the Chinese dialect known as northern Mandarin, or Pekingese, are current.

Amazing Resources. Manchuria's great natural resources are untouched; her industries stand on the eve of a great development. The chief pursuits of her population are agriculture and stock raising. If the extensive plains were fully cultivated they could support easily a population of more than 200,000,000, the soil being unusually fertile. The leading agricultural products are soya beans, wheat, millet and kaoliang. Other products are tussur silk, honey, ginseng and vegetables. These products, however, do not nearly represent the possibilities of the country if fully developed. Cattle are raised for milk and meat; and horses, mules and donkeys for farming, riding and pulling the lumbering native carts. The forests produce a wealth of timber and fuel wood and furnish occupation for some 50,000 woodmen. Manchuria is rich in minerals. Gold is abundant in the north and coal in the south and sulphur, lime, gypsum, soda, silver, copper and iron also are found. The chief industries are salt, bean-oil and bean-cake manufacture, and flour milling, distilling, rope-making, weaving, and the making of bricks, tiles and leather for local consumption.

Trading Conditions. The bulk of the business at important centers is carried on by large importers, usually European, but of late by an increasing number of Japanese firms. These houses supply the small dealers and the traders in the less important places. The exclusive sale of merchandise is sometimes given to one large firm which distributes through its branches, but the tendency now is to maintain a personal representative or selling agent, who is in a position to insure accurate distribution of the product through as many sources as practicable. Properly managed, such an agency can be made very effective.

Banking Facilities. The Bank of Chosen has established ten branches and issues notes. The Banque Russo-Asiatique and the Yokohama Specie Bank are the other principal foreign institutions operating in Manchuria. The Provincial Banks are found at Mukden, Kirin, and Tsitsihar. The Chinese Imperial Government Bank has branches at Newchwang and other cities, and the Bank of Territorial Development is influential. The Asia Banking Corporation has a branch in Harbin.

A Varied Currency. Russian money is used in the Russian railway zone, Japanese in the Japanese zone and Chinese currency everywhere. The old Russian currency (pre-war issue) consists of bank notes (in denominations of 1, 3, 5, 10, 25, 50, 100, 500 and 1,000 rubles), silver pieces and copper pieces. Of the Japanese currency the kind most commonly found are the notes of the Bank of Japan and subsidiary silver pieces and copper pieces. The Chinese coins conform to the reformed system of coinage as fixed by the coinage law of May, 1910.

Mongol Chiefs Buy for Their Tribes

THE inhabitants of China's inner province of Mongolia are chiefly Mongols and Kalmucks. Typical Asiatic nomads, they are not much given to agriculture even in the most fertile districts. From their flocks they obtain the necessaries of food and coverings for their tents. Their requirements are primitive because their mode of living is primitive. About one-third of the whole population is said to be Lamas, or monks, who have the inherited right to exact tribute from every owner of a flock and exert power to the extent that practically every head of a Mongol family is bound to a monastery. The Chinese have begun to invade the country in great numbers, and upon them will doubtless depend the full development of Mongolia's wealth. So far as the stable trading population is concerned, therefore, the conditions are much like those in China.

Products in Demand. The natives want cotton cloth, tea, and small ironware. To satisfy these limited demands, cattle, sheep, wool, skins, hides, furs, and horns are exported for barter and exchange in large quantities. The purchasing power will remain low as long as the population is under the tyrannical rule of both the state and the church. The Chinese, too, have been somewhat merciless in their treatment of the Mongols, due to ideas of revenge because of old injustices. All this conspires against the real development of a country that is rich in potential pastoral resources. When Russian influence predominated in Mongolia there was little demand for Mongolian raw material. Now the situation is reversed and silver is used in payment of the balance of Mongolian raw material in excess of the Russian manufactured goods.

Location for Agencies. European firms who do business with this country are accustomed to depend upon the importers in the northern cities of China or Manchuria, including Tientsin, Peking, etc. A very fair volume of business is carried on at Kalgan, which is easily reached from Peking. There is also some trading at Urga, some 1,200 miles distant. As Mongolia develops the tendency will be to transact business direct with the merchants in interior trading centers such as Kalgan.

Climatic Conditions. The climatic conditions of Mongolia differ little from those of surrounding territories. (See the chapters on China, Manchuria and Siberia.)

Native Trade Routes. Three main routes, chiefly for native trade, connect Mongolia with Siberia on the north and inner China on the southeast. The northwest caravan route runs from Uliassutai and Urga to Kiakhta, a Siberian frontier town. The southeastern caravan route runs from Urga across the Gobi desert to Kalgan and Peking.

Motors vs. Camels. Traffic by these routes is naturally slow because of the complete lack of any modern facilities in the way of railroad transportation. Kalgan is 125 miles northwest of Peking, and is the center of all export trade. It is a picturesque Chinese-Mongolian city of 60,000 inhabitants. The Mongolian Trading Company (American) maintains a motor-car service between Kalgan and Urga. The 1,200 miles are traversed in six days, where four weeks are consumed by camel route. Lanchowfu is reached from the Chinese coast by the Yellow River. Suiyan and Kalgan are reached from Tientsin and Peking by Peking-Suiyan Railway.

Trading Languages. Since all trade is conducted through Russian or Chinese frontier towns the commercial languages naturally are those of Russia and China.

Wool, Furs and Ice. Most of the country consists of stony, mountainous plateaus, steppes covered with scanty grass and occasional stretches of forest. The principal article of export is wool, but the natives do not take the trouble to improve the quality. They keep the best for themselves and export the rest, all of which needs to be washed, and gives rise to the establishment of the wool washing industries on the Mongolian plateaus. Rice ranks next among the exports; the principal markets are in Siberia. Of the fur products those in greatest demand are the marmot, fox, squirrel and sable. Through the help of irrigation much might be done with the agricultural possibilities of the country. There are practically no manufacturers, but manufacturing is not prohibitive because abundant fuel can be obtained from the mines on the Peking-Mukden and Peking-Hankow lines. Ice is an important product.

Chiefs Do the Buying. A brief survey of native trade conditions may be of interest, although they do not directly affect the country's import trade. Mongolia is divided into tribes, and most of the tribal business is done by princes or chiefs. All contracts are made with the princes who collect from their subjects. Sometimes it is necessary to make advance payments on large contracts, but they are absolutely safe. It is claimed that no such contract has ever been broken. Or, these contracts may be guaranteed by the central government at Urga (a ministry of five men, including the head Lama of Mongolia). As already indicated, the Mongolian raw material trade is practically in the hands of the Chinese. It becomes gradually more and more difficult for European and American influences to make themselves felt because the Chinese manufacturers can undersell foreign producers of the goods in demand.

No European Banks. In 1914 a Mongolian bank was established at Petrograd to facilitate trading operations. It has branches at Urga, Uliassutai, and Kobdo. The Mongolian government retains the right to purchase this bank after it has operated for fifty years. Russian banks have practically ceased to do business, and the branch of the Bank of China, at Urga, has no great influence. The Bank of Chosen now operates in inner Mongolia.

The Credit Handicap. The Hoshun credit system is the chief obstacle to successful banking and financial enterprise. The Khan of Hoshun (Chinese) is responsible for a tribute to Chinese authorities. Frequently he obtains from the Chinese merchants an advance of silver with which he pays his tribute. In return he lets them exploit his subjects, often charging interest from sixty-six to one hundred per cent. The result of this dominance of the Chinese traders has been that old tribes have sunk into serfdom more and more. The Russian traders offer more reasonable terms and usually charge only twelve per cent.

Currency. Since 1915 Mongolia has had its own currency, coined in the Russian mint and issued by the Siberian Trading Bank. The money equals the Russian ruble in value (par value 2s 1⅓d). The Chinese and Russian silver currency and paper notes have depreciated greatly. In the past payment was largely by barter, Chinese brick tea being a favorite medium of exchange.

"The Hidden Land" Now Open to Trade

PRACTICALLY independent now, Tibet is the largest closed country in the world. Most of the goods imported enter Tibet from India or China. The country is surrounded wholly by Chinese or British territory, and for several years Great Britain has enjoyed treaties which give her a right to trade. Most of the European goods imported into Tibet come from British India. In return for the musk, borax, salt, gold, silver, raw wool, hides, and furs, woolen blankets, and medicinal plants which Tibet sends to India, it receives European goods, silks and flowered cottons, indigo, spices, pearls, corals, knives, arms, copper and metal utensils, etc. Before the war one would frequently see articles bearing a mark which revealed German or Austrian origin. From Mongolia and Russia come leather saddlery, sheep, horses, coral, amber and diamonds. American sewing machines have been introduced through India and American guns through China. The Tibetans also buy considerable quantities of cotton cloth, food, salt, shoes and some electrical fittings.

Where Fear Rules. The Tibetans are like the Chinese in many respects. They are superstitious and the unknown elements in almost every natural object are thought to possess supernatural qualities. Nearly one-fifth of the male population are monks, in some sense of the word. This great monk faction is inclined to stifle any attempts that would lead to enterprise and enlightenment because it realizes that they would be fatal to its own influence. The government has kept the population in a state of servile dependence, and the chief passion, expressed everywhere, is fear—fear of the government, fear of its subjects on the part of the government, fear of neighbor, fear of enemy and often friend. And yet they are not depressed or degraded. They are cheerful and kind and even in the poorest hut courtesy is unfailing.

Location for Agencies. Direct relations with Tibet from the United States are not practicable, although Tibet has one trading contact with the world—Yatung. The goods required are brought in from India and reach Tibet by way of Calcutta and Amritzar, whence they go by caravan to Yatung.

Time of Visit. The climate of Tibet is healthful because of the pure, dry atmosphere. Every season is practicable and the time of visit would depend on when the commercial traveler is covering contiguous territory in China Proper or India. The chief danger is encountered in the great variations of temperature which occur especially in the winter and early spring.

Transportation Routes. There are no convenient means of transportation anywhere. The narrow roads through mountain passes and other dangerous ledges are best traversed by the mountain yak. These yaks cannot carry heavy and breakable loads and they usually travel at half the speed of horses. Horses and camels also are used as beasts of burden. Because of the difficulties of transportation the caravans are loaded to their full capacity and are sent out only during the best seasons. These caravans are in charge of the agent (tsongpon) who has supreme authority over the expedition.

There are five distinct roads leading out of Tibet. One joins Lassa with Sining and Lanchow. The second connects Lassa with Tasienlu. The Tasienlu market is the most important, because surrounding it lie the richest provinces of China. Tasienlu enjoys a monopoly of the tea trade with Tibet and maintains stocks in excess of the requirements of the Tibetan merchants. The third connects Lassa with Likiang, in Yunnan; the fourth Lassa with India, and the fifth leads from Lassa to Leh. Lassa is the capital and great center of the country and is the home of the grand Lama. Darjeeling is one of the large resorts and is on an important trail.

Use Border Dialects. For purposes of trade the languages needed are those used on the borders of India and China, where the large trading centers are established. The language of Tibet is unlike either Hindustani or Chinese.

Unexplored Resources. The great staple of Tibet is wool. Large herds of goats and yaks roam the plains, and the dry air renders the wool unusually soft and firm. The pastoral pursuits and the raising of cattle on a large scale have led to the introduction of wool spinning, weaving, and knitting. The Tibetans make large quantities of butter and cheese. The chief agricultural products are barley and other cereals, peas, vegetables

and wheat. The tea industry is monopolized by the Chinese, and there is no production of tea although the Tibetans consume over 11,000,000 pounds annually.

Rich Metal Resources. The mining wealth of Tibet is unexplored but there seems to be no end to its mineral resources. When the natives dig for gold, they are said to return the largest nuggets to the soil on account of their superstitious belief that these large lumps have life and germinate and produce the small nuggets. (The truth of this picturesque statement is not vouched for.) Due to these unscientific mining methods nearly two-thirds of the valuable products remain behind. In addition to gold, silver, mercury, copper, salt and borax also are found. Some exquisite pieces of jewelry, brass and copper work are found in Lassa and Dergyeh, but the supply is insufficient even for local consumption. The two important industries in Tibet—weaving and the religious arts—are monopolized by the government and the great monasteries. So long as this is the case there is no real opportunity for individual creative work.

Business Men Chinese. Most of the business is carried on by Chinamen and natives of the Indian provinces to the south. The native Tibetan is too much the herdsman to be a merchant. In trading he is suspicious and crafty and is governed too largely by fear to make a success of any transaction. Much of the trade is by exchange or barter and he is always determined to get a bargain if he can. He is disinclined to make a definite offer and beats around the bush always in hope of being the one to get the best of it. He is not eager to snatch the new. He prefers the familiar things and familiar surroundings.

Trade Conditions. As stated above, the traders buy nearly all their merchandise in India or China. Only such American products as are adapted to the simple wants of the Tibetans can be introduced. To secure permission to enter the country, the American commercial traveler must apply to the British Foreign Department at Simla where he is furnished with the proper credentials. Even then he will not be granted permission to proceed north of authorized trade marts. The chief approach to Gyangtze and Yatung is by way of the semi-independent state of Sikkim. Permission to

enter Sikkim can be obtained from the British political agent of that place. Even after permission has been secured the necessary arrangements for transport and coolie service are costly, and the journey involves discomforts and even dangers.

Government Control. The native trade is almost entirely in the hands of the government, the monks and the few foreign traders. The home trade is conducted either in the bazaars of the town and the stalls on the busy streets or in the annual fairs held near the villages or monasteries. The state and the monasteries collect stocks of goods and fit out caravans to carry them to trading points. The caravans return loaded down with foreign goods which these same authorities sell at a time when they can make the largest profit.

Currency and Banks. The coin in use is the silver tangka, worth two-fifths of a rupee. For smaller currency the tangka is cut into three or four pieces, as required. The Chinese silver ingots and the Anglo-Indian rupee circulate in some districts although not always without depreciating in value. The Chinese bricks of tea are a convenient form of currency. They weigh four and one-half pounds and are fairly portable. They are always on hand because the Tibetans are a nation of tea drinkers. They pass current as money at market value. There are no banks in Tibet, but proper facilities are provided by Cox & Co. (Calcutta).

Trade Opportunities in Siberia

SIBERIA, with its immense stretches of arable land and its amazing forest and mineral resources only partly developed, offers unique opportunities for trade. The plains of Siberia are among the most fertile in the world and the sparse population is increasing every year. In many respects the country is similar to Canada or our own great northwest. Huge tracts of land are still unexplored and trade and commercial facilities are in a primitive state. But the country is so rich and its future so assured that intelligent effort to promote sales is sure to bring results, if not now certainly a little later when conditions become stable again.

Machinery Markets. More than ever, commercial success in Siberia now depends on the degree to which a representative of a foreign firm adapts himself to the native social and political conditions. The import trade is largely in the hands of the Russian firms and the real demand for foreign goods is more or less restricted to the products of those industries which are undeveloped in European Russia. Since the population is agricultural, the demand for machinery, binders, separators, dairy and threshing machines is great, and these are products which Russia to the west is unable to supply. Railroad construction material, supplies and equipment and general merchandise are always in demand.

Future Developments. When peace returns foreign capital will be needed. Large syndicates have assumed control of exporting dairy and meat products, and similar possibilities exist for wheat, timber, and other produce. Owing to the shortage of food produced by the war there will be an unusual demand for grain, which Siberia can supply, and this will create a market for every kind of tool and machine used in connection with its cultivation. It has been estimated that Siberia can use four to six times as much agricultural machinery as European Russia.

The Siberian farmer now recognizes the value of these superior methods of cultivation. Emigrants from Russia or the children of emigrants and exiles, the struggle for existence under pioneer conditions has developed in them an initiative and resourcefulness usually

lacking in the Russian peasant. The revolution, too, and the mental stress and effort attendant on the assimilation of new political and social ideas have quickened their intelligence and made them eager to welcome new methods and labor-saving machinery.

Location for Agencies. The principal cities are Tomsk (the intellectual capital), Vladivostok (the naval capital), Irkutsk (the commercial capital), and Omsk, which is frequently called the Chicago of Siberia. The cities on the Siberian railways located at the points where they cross the large rivers are the chief centers for trade. Centers of local industry include Petropavlovsk, Novonikolaevsk, Krasnoyarsk, Kurgan, Tiumen and Tobolsk. The most important point, of course, is Vladivostok, but Irkutsk is sometimes selected as a more convenient base. A local agent will usually find Vladivostok the best base of operations.

Two Difficult Seasons. There are two seasons when travel is impossible, namely, during the spring thaw and in the early winter. In July the heat and dust are uncomfortable, but there is always something bracing and invigorating in the air which makes it far from unendurable during the hot season. The winters are severe, but the cold is dry and is not keenly felt. The snow storms seldom last for more than one or two days. In central Siberia the climate is less extreme than the climate of the northern parts of the American continent in the same latitude.

A Long Market Road. From New York to Vladivostok via Suez takes about eighty days; via the Trans-Continental and Trans-Pacific route forty-five days are required. The Amur River and railway form the chief outlet to the Pacific coast for Siberian trade. From Mongolia and from the southern part of European Russia no obstacles to direct entrance into Siberia are encountered. Several attempts have been made to open the Yenisei River to foreign trade, especially with Europe via the Arctic Ocean, but the complex tariff arrangements still are a handicap to the full use of the Yenisei ports.

Rivers and Railroads. There are 7,300 miles of railways in Siberia. The completion of the Trans-Siberian railway brought about far-reaching economic results in western and

northwestern Siberia. The idea of the building of the road can be traced back to Voltaire, it is said, although he and others like him were only theorists. Their early dreams have been realized: the transportation has been developed to such an extent that the complete trip from Europe can be made in a few hours under eleven days. It is the longest continuous line in the world, and in covering 6,000 miles it has opened a vast country to trade, from its western to its eastern boundaries. Except for its length, however, the railroad is not an unparalleled achievement, although its construction offered fewer difficulties as baffling as those encountered in the building of the American Trans-Continental system. By means of this road, goods and raw material have an outlet both to the northeast and the west. The outlet to India will come when the railroads have been developed toward Persia.

Rivers are Arteries. The navigable length of Siberia's four great rivers is no less than 11,000 miles. The continental river systems—Obi, Yenisei, Lena and Amur—have played a significant part in the colonization and development of the country. They have established a permanent connection between the central part of the country and the Arctic Ocean on the north and between the same section and the Pacific Ocean on the east. River transportation is under the control of the Russian Department of Ways and Communication, and all freight and passenger traffic regulations are in accordance with government requirements. The handicap in the use of these rivers for trade is that they are frozen during the long and severe Siberian winter. They have not been displaced by railway expansion, serving as feeders and branch lines.

Language is Russian. There is no real Siberian language. The Russian is in current use, and the ordinary vocabulary contains a large number of Polish words.

Great Treasure House. Of 3,000,000,000 acres available 33,000,000 are productive. The best agricultural conditions are found in Turkestan, but agriculture is most highly developed in western Siberia—in the Tobolsk and Tomsk governments. Agriculture is limited largely to wheat growing, and before the war large quantities of wheat were exported to Europe. In the south other grains are found, as well as potatoes, onions, melons, etc. The

live stock industry is important. In pre-war days about 50,000 tons of butter were shipped to Scandinavian countries, Germany and England. There are six hundred creameries in western Siberia, near Omsk and Tomsk. The development of the dairy industry is due largely to the interest taken in it by the government.

Valuable Fur Trade. The fur trade is the oldest industry in Siberia. Both buying and exporting are largely in the hands of Jewish dealers. Although the stocks are not as rich as formerly they are far from exhausted, and the products of fur hunters in autumn greatly stimulate the trade in the markets of Tiumen, Tobolsk, and Irbit. The mining industry ranks second in age and it will always be one of the chief sources of the country's wealth. The Siberian gold production has amounted to over 75% of the total gold output of the Russian Empire. There are also abundant ores of silver, coal, lead, zinc, copper, quartz, and graphite. The forest zones yield enormous supplies of timber. The great value of Siberian pine counterbalances the extremely high cost of transportation to markets and trade centers.

Demand Long Credits. As in other countries, the chief business is done by the large merchants who make direct importations and supply the retail stores and interior traders. There are, however, numerous retail merchants or industrials that are in a position to make direct importations. The typical Siberian peasant likes to pay after he has received the goods, but it is impossible to demand terms requiring cash payment because the peasants are poor and need long credits. This, to be sure, is a problem for the native merchant and does not concern the American exporter, except as it influences the merchant's own power to pay.

Frequently the terms for payment are 20% cash on delivery, 40% after twelve months and the balance in two years. The heavy import duties on certain goods, like machinery, raise the prices often to a point that is almost prohibitive among the poor classes. A peculiarity of Siberian labor conditions is the "artel" system. These "artels" are combinations of workmen representing individual occupations and handicrafts. They are based on communistic principles and both work and profits are divided among the members. They frequently offer a fidelity guaranty. These co-operative societies cover every industry and flourish in every province.

U. S. Russian Bureau. The chief purpose of the U. S. Russian Bureau, recently organized, is to develop an exchange of Russian raw materials for American merchandise. It does not accept responsibility for the distribution or financing of goods, but aims to co-operate with the American-Russian Chamber of Commerce in order that its members may have an opportunity to develop reciprocal commercial relationships with Russia. It has established an office in Vladivostok.

Banking Facilities. Among the leading banks that have branches in Siberia are: Banque de Commerce de Siberie, the Bank of Chosen, Banque de l'Etat, the Matsuda Bank, the Asia Banking Corporation, and the Banque Russo-Asiatique.

Currency is Russian. The Russian ruble has been the standard coin. It is reported that the British may join with the new Russian government in the establishment of a new ruble currency, the basis being 40 rubles to the English pound. A gold reserve will be set up to guarantee the value. The object of the venture is to protect the man who sells goods.

Consular Office. The American consular office is at Vladivostok.

Documentation. There are no consular regulations for making shipments to Russia. In shipping to direct ports the bill of lading must be in only one hand writing, and no corrections or erasures are allowed. The total number of packages and the gross weights must appear in figures and in writing. Conditions in Siberia are so uncertain, due to the political turmoil, that only the most recent advices regarding various regulations should be accepted.

India Turns to American Goods

WITH MORE than three hundred million consumers, India presents a great potential market in which American producers have gained as yet only a war-time foothold. It is true that in 1916-17 our exports to India exceeded $36,000,000 and more than doubled the total of our Indian sales in 1914-15. The bulk of these increases, however, was in mineral oils, in iron and steel, in motor cars, hardware and dyes—all lines which are certain to present keenly competitive conditions, now that the demand for munitions and engines of war has ceased and the European mills and hands producing them have been turned back to peace-time service.

India's purchase of American merchant steel, for instance, went beyond $8,000,000 in 1916-17, as compared with $1,800,000 in 1914-15. Motor cars jumped more than 1000% in the same two years—from $423,000 in 1914-15 to $4,630,000 in 1916-17. But the most remarkable increase of all was in the output of this country's newest industry—from nothing at all in 1914-15 and less than $15,000 the following year, to upwards of $1,000,000 worth of dyes in 1916-17. From fifth place among our Asiatic customers, India advanced one step on the trade ladder, Japan, China and the Philippines outranking her as buyers of our products.

American Opportunity. Offsetting the American increase in sales, Japan for the first time forged ahead of the United States in its volume of Indian sales—exporting no less than $42,000,000 to India as against $23,600,000 the previous year. This notable Japanese advance is suggestive of the brisk commercial rivalry which American exporters must expect now to encounter in all the great markets of the Orient.

A real opportunity lies before the United States, however, to retain her portion of India's trade and even to increase it. There are no discriminating tariff duties against any country. The sentiment for British trade has been established only through the superiority of goods or styles or familiarity with the market. There is a definite market for cotton piece goods, automobiles, electrical apparatus and hardware in general, grains, gold, drugs, dyes, typewriters, oils (kerosene and lubricating), tools, barbed wire, explosives, glassware, soap,

medicines and metals. Only twelve other countries have taken so many typewriters. In 1917 American automobile manufacturers contributed 4,169 out of the 4,778 imported cars. Of our total export of $3,000,000 worth of lamps, in the same year, only Canada bought a greater proportion than did India.

Indian Characteristics. Despite its teeming population, however, India has certain characteristics which the American manufacturer may as well recognize and discount even while he is engaged in changing them. Unlike the western nations, the Hindu does not believe in the multiplication of wants. Theoretically at least, men are judged according to their spiritual strength and not according to their possessions and rank. The subordination of materialism to idealism, or mysticism, has been the foundation of the country's social and industrial organization. In actual practice it has created a low conception of work and slight recognition of the dignity of labor. When the practical incentive is subordinated too completely, the goal becomes too remote to have much interest for the average person.

In India this system has had the effect of making the day laborer averse to continued toil. He lacks a sense of responsibility and does not hesitate to leave a piece of work unfinished because of some grievance, imaginary or real. The resulting shallowness of mind and purpose is something that will be encountered daily by the foreign business man; the sooner he recognizes and accepts it the better he will be able to understand and deal with his customer. This prevailing characteristic, however, is acquired rather than inherent. The native Indian has shown a definite tendency to demand better conditions under which to live and to work. His condition will be improved just as soon as he is in a position to make his demands felt and receive assistance in attaining what he wants.

Location for Agencies. American firms who are preparing to extend their business in India should recognize the radical differences between market requirements on the Bombay side and the Calcutta side. The influence of the two chief religions, Mohammedanism on the one hand and Buddhism on the other, is very marked and is a controlling factor in trade. Bombay and Calcutta offer the best opportunities for agencies. Calcutta, being the larger city and the chief port, usually has been given the

preference; but in time Bombay probably will become as great a center because its transportation facilities are better and it is the principal arrival point for mails. It is just as easy to rail from Bombay to Delhi as from Calcutta to Delhi. The bazaars in Bombay distribute for the whole western side, including Afghanistan, Baluchistan and Tibet. Merchants from Lahore and other cities of the upper northwest territory come to Bombay regularly or have resident buyers there.

Although the towns specified are the more important ones, there are throughout India other centers in which a large trade is conducted. Even in the interior there are such towns as Agra, Cawnpore, Delhi, Lucknow and Amritzar where the merchants do some direct importing, although the majority of dealers depend upon the importers in the chief ports, to which may be added Karachi, Madras, and Chittagong. The canvassing of such places must be left to the judgment of the local agent or to the traveler from America, who investigates the conditions which affect his particular line of business when he arrives in India.

When You Can Sell. The best business season is from October to February when the days are cool and healthful conditions generally prevail. Prospective customers know more definitely what they want because they know whether the year's crop is a failure or a success. India's annual purchasing power depends to a large extent upon the monsoons. A bad monsoon means crop failures and results in a spreading of famine over extensive areas. The climate, more or less tropical, varies occasionally to temperate, owing to the mountains and the elevated plateaus. There are two distinct seasons, the dry and the wet, depending on the northeast and the southwest monsoons. The dry monsoon lasts from November to May—May being the hottest month. The wet season begins in June and lasts until October. During the rains very few merchants of the better class are found in Bombay.

How to Reach India. The usual ways of approach to India are as follows: from Europe through Suez and the Red Sea to Bombay; crossing Palk Straits from Ceylon by railroad over Adam's bridge to Madras; or the Pacific route, coming from the coast of China and reaching Calcutta after passing Singapore and Penang. A general plan for covering India is indicated on page 46.

Rivers and Railways. The broad rivers in India are navigable the year round, and are magnificent highways. Of these the Ganges is the most important. In many sections river transportation is in excess of that by rail and by road. In railroad mileage India stands fourth among the great countries of the world, ranking below only the United States, Russia, and Germany. In 1915 the total mileage was about 36,000 miles, with other lines in construction. These roads, being largely government owned, are in the hands of British builders. The accommodations on railways, formerly rather primitive, have been developed rapidly in the past decade and now compare favorably with those to be found in Occidental countries. There is a general lack of good roads, and a complete system connecting all centers of commerce with large markets is needed. There are a few good roads in and near the towns; embanked roads and bridges are seldom found. In general, traffic by wheel is suspended in the rainy season and loads are carried on the heads by men who wade through water and marsh. With a better system of roads in prospect it will no longer be considered inevitable to suspend business during the wet season—a period of four months.

Language is English. English is the official language. The native, however, finds pleasure in meeting someone who has taken the trouble to learn his own language. The most common dialect or language is Hindustani. This is easy to learn to speak. In the south, the Tamil language is current, but Hindustani also is understood by all merchants.

Cotton and Textiles. India is pre-eminently agricultural; about 70% of the people are dependent upon the soil. The crops include rice, wheat, and other grains, sugar cane, coffee, cotton, indigo, tobacco, and opium. The area of the cotton under cultivation is estimated at 25,000,000 acres. England is making definite attempts to improve both yield and quality through scientific methods, for the crop is small in proportion to the extent of the cultivated area. Coal is the principal mineral product; gold and petroleum also are mined in large quantities.

In addition to mining, other important industries are: the manufacture of coarser grades of cotton, lac culture and manufacture, stock raising, apiculture, bamboo working and basket making, fishing, dairying, rice, wheat and sugar manufacture, jute manufacture, oil press-

ing, pottery, embroidery and hand loom weaving. Exports are principally raw materials and most of the imports are manufactured goods. The natives know how to make beautiful fabrics and metal work, but many live beyond reach of the commercial world.

The native village system is partly responsible for this, as are also the prevailing traditions of caste. Each village has been sufficient to itself in production for the few native needs. The son has been taught to follow the trade of the father, and he has had neither opportunity nor inclination to become a part of the larger world. This condition has been changed of late because many Indian students have gone to America and Europe to study business, commercial and social customs, and on their return to their own country they have introduced these methods, adapting them to native needs.

Methods Conservative. Direct dealing with the natives is desirable wherever possible, although the average commercial intelligence scarcely is prepared for this. The native merchant does not like to do business from catalogues. He does not visualize readily and usually is disappointed unless he sees the actual sample. He has confidence in tried methods and familiar firms, and refers matters to them before he jumps at a new proposition which promises lower rates. Generous treatment in the handling of errors, etc., insures good will: an allowance of even as small an amount as $5 pleases him to an unusual degree. A controversy, on the other hand, has a way of filtering through the population of a whole territory, working only ultimate harm.

As for general business etiquette, a personal call before 11 o'clock is not advisable. A letter of introduction is desirable. It is considered bad form as well as bad business to make calls on mailing days. In Bombay these are on Friday and Saturday; in the interior of India they are earlier in the week. A practice in vogue here which is more or less unfamiliar to the American business man is that of showing all invoices and all correspondence and maintaining no business secrets of any kind. The "chop," or trade-mark, is as effective and valuable in securing re-orders and maintaining sales as it is in China.

Fairs and Bazaars. The natives trade at weekly fairs, annual religious gatherings, or daily bazaars. In Bombay, Calcutta, Madras, Rangoon and other large cities the British and European bazaar trade is distinct from the native. There are prom-

inent markets only in the largest towns. India still is the land of cottage industries. For the fuller development of the country, the extension of the cottage industries is necessary. The local trade is carried on by traveling brokers, agents, beparis, or paikars. The paikars are neither intelligent nor enterprising, but they are just the agents to suit the remote cottage artisan.

Direct Native Buying. The principal imports are made by large commercial houses established in the chief cities. These importers in turn sell to the bazaar trade or to the native dealers. In many cases the relations are carried on through natives whose functions are practically the same as the comprador, and who are responsible to the importer for the sale of the goods. Obviously, there are in addition to the European importers a rapidly growing number of native merchants who desire, and are sufficiently strong, to establish direct relations with foreign dealers. It is with this class that a large volume of trade may be looked for in the future, the elimination of one middleman being thus provided.

Banking Facilities. Four classes of banks do business in India: the European and American exchange banks, the Presidency banks, the Indian joint stock banks and a miscellaneous group of native bankers and brokers (shroffs, marwaris). The three Presidency banks are those of Bengal, Madras and Bombay. The exchange banks are: Delhi and London Bank, Chartered Bank of India, Australia and China, National Bank of India, Hong Kong and Shanghai Banking Corporation, the International Banking Corporation, Mercantile Bank of India, and the Eastern Bank. There is a need for a strong central bank and for state banks in general to stabilize the finances of the country. The Tata Industrial Bank has been organized for the purpose of financing industries; the Asia Banking Corporation will act as its correspondent in other countries of the Far East. Cox & Co. operate in Bombay, Calcutta, Karachi, Murree, Rawal Pindi and Kashmir. The banks under English management are in a prosperous condition, but the numerous failures of native banking institutions are causing widespread anxiety.

Minimum Credit Risk. Americans exporting to India are able to obtain information and run no undue risks, since their business is with the large firms who have a recognized

standing. As for native conditions, with which the American rarely comes in contact, the outstanding feature is the scarcity of money. The need for it rarely is felt. A rather loose system of credit exists, with the result that about 75% of the population is in debt. Without the aid of the mahajan, or money lender, all agricultural pursuits would be at a standstill. The peasant calls the money lender the jater and pater mahajan—the supplier of his food and the guardian of his honor. Before the harvest is ripe he furnishes money, and between harvests he feeds and clothes his debtors.

Guarantee Brokers. The banian, or guarantee broker, undertakes the bazaar risk—that is, he guarantees the importing firms against loss. His acceptance of the draft against the bill of lading is provided for by the importing firm in India, before it undertakes to fill the order. This shroff acts, therefore, as the middleman between the trading community and the banks. If he cannot meet the demands, he takes bills which he already has on hand to the bank for discount under its endorsement. His usual charge is 1% or 2% of the amount of the draft. These guarantee brokers are found all over India, but it is impossible to get in touch with them through correspondence as they operate only through the banks. Their duties are practically the same as those of the Chinese comprador, only China has a comprador for each firm while a guarantee broker in India may be operating for a large number of firms in different lines so far as products are concerned but selling to the same classes of middlemen or retailers.

No Currency Problem. Americans sell for American gold or English money and they need not concern themselves with native currency except as a general familiarity with the system may be of interest. Notes are not issued by the banks, but only by the government. No gold is coined at present in India. The principal coin in circulation is the rupee, a silver coin equivalent to 1s 4d in English money. Other coins of lesser value are the anna (nickel) and the pie (bronze). One rupee is equal to 16 annas; one anna is 12 pie and 15 rupees equal £1. The rupee is unlimited legal tender and, so far as the law provides, inconvertible. The sovereign is unlimited legal tender at £1, or 15 rupees, and is convertible at this rate. Government notes called currency notes Rs, 5, 10, 50, 100, 500, 1,000 and 10,000 are legal tender throughout British India.

Special Advertising. Few of the village population ever read newspapers, and indiscriminate advertising is wasteful in the extreme. Only a small per cent read English, and about 50% or less read the native vernacular. Newspaper advertising rates are high, but where the papers reach the class for which they are designed, the results are good. The following methods of overcoming the publicity problem in India have been suggested: in every village there is a "head man" who has influence, and his services offer an opportunity for publicity far exceeding any newspaper medium; the native doctors and nurses offer a direct channel for introducing patent foods and medicines; the cinematograph is a unique medium and surpasses in value the indiscriminate use of samples, which in any event, the illiterate merchant is as likely as not to sell for a fraction of the full-package price.

Another effective advertising medium is the booklets in which the half anna and anna postage stamps are sold. Information regarding this can be obtained from the Director General of Posts and Telegraphs, Simla, India. In shipments to India, there are no regulations against including printed matter in cases; any advertising matter can be enclosed without payment of duty. Such printed matter should be in the English language only.

Merchandise Marks Act. The Merchandise Marks Act of India requires that the trade-mark and country of origin shall be indicated on all imported goods made or produced beyond the limits of the United Kingdom and British India. When this is not done, it is assumed that all marks in English denote England as the country of origin. By observing this law carefully, manufacturers can obtain entry of their goods without fines and unnecessary delays. These counter indications must be made on the label and be repeated every time the name is used and in each language in which the name appears. They must be shown in full in letters as conspicuous as any other designation on the label.

"Made in U. S. A." For this country the counter indication should read, "Made in U. S. A."; the letters U. S. A. alone do not suffice. Formal registration of the trade-marks is unnecessary in the customs house of India, although there has been considerable agitation for a law requiring it. Further information regarding the act can be obtained in the "Merchandise Marks

Manual," a small volume published officially by the Superintendent of Government Printing at Calcutta under authority of the government. The price is eight annas or sixteen cents in American money.

Documentation. No consular documents are required. The importation into British India of certain articles, books, coffee, unset diamonds, etc., is prohibited, unless for government use or unless a license has been granted by customs officers. The various restrictions are too detailed to be indicated here. A standard exporters' manual should be consulted for specific regulations.

U. S. Consular Offices. Consular offices are maintained at Bombay, Calcutta, Karachi, Madras and Rangoon. The usual information of value to American manufacturers is kept on file; the more detailed the facts submitted by American producers, the more closely they are brought in touch with foreign buyers. A new room has been added to the offices of the American consulate at Madras for the purpose of the filing commercial catalogues and trade literature and exhibiting samples of American merchandise. Catalogues and samples and price lists can be forwarded to the American consul.

RIVING NATIONAL BANK NEW YORK

Ceylon—Crossroads of the Seas

LITERALLY a crossroads for the sea-borne traffic of the world, Colombo, the principal city of Ceylon, ranks seventh in tonnage among all ports. It is a large importer of manufactured goods, and among these, goods from the United States play an important part. The most valuable export from the United States to Ceylon is kerosene, and the permanent establishment of this American oil business has been a source of help in the introduction of other American products in these markets.

Our chief trade advantage, however, lies in the fact that the United States is one of the largest customers for Ceylon's primary products, crude rubber and tea. In 1917 our imports of Ceylon tea were valued at $5,051,242; while our direct imports of Ceylon rubber reached the relatively large figure of $19,106,329. In addition we took immense quantities of cocoa, desiccated cocoanut, spices and crude drugs. American imports from Ceylon do not, of course, measure the extent of our exports to the island. At the same time, however, the fact that the United States absorbs such a large share of Ceylon's products provides a basis on which valuable trade is being built.

A Specialty Market. Next to kerosene, the largest item we supply is gray cotton goods. The Singhalese buy American automobiles but prefer English fittings, side curtains and hoods. They object especially to our nickel trimmings because nickel rusts easily; brass, on the other hand, is both durable and brilliant. The conventional black hoods on our machines are not in harmony with their tropical sunshine. They have shown a decided preference for external appearance rather than speed.

The following products from our factories have found a ready market: haberdashery, leather goods, sewing machines, typewriters, fountain pens, clocks and watches (wrist and bracelet), lamps, pianos and auto pianos, phonographs, hardware, medical preparations, toilet requisites, textiles, apparel, and printing and wrapping paper.

Two Native Tribes. The Singhalese and Tamils, the chief tribes, preserve their own languages and customs and are conservative in everything which they undertake; they con-

stitute about 92% of the population. The better classes live in houses that are more or less of European pattern, but the poorer people have homes that are little more than sheds both in appearance and in their shabby furnishings. The other inhabitants of Ceylon are Moors, Chinese, Burghers, Eurasians and Europeans. The population averages 168.1 per square mile.

Location for Agencies. So far as the American manufacturer goes, Colombo is practically the only town that need concern him, as it is the only port of entry. It is here that agencies are established and that the principal importers are found.

Tourists and Trade. The best time to visit Ceylon is from October to February or March. This is the tourist season and consequently the most active period for trade. Ceylon is a pleasant winter resort, and makes a good break in an ocean voyage. Motor touring is especially enjoyable because the roads are level. The climate as a whole, however, is not specially healthful. In low regions it is so moist and hot that it has prevented European immigration on a large scale. In the mountains the air is cool, almost cold at times. The average annual temperature is from 70 to 90 degrees.

Market Approaches. Ceylon is not a part of the Indian Empire, but it may be worked in connection with the mainland. In some lines, indeed, there is sufficient demand to justify attention strictly on its own account. For regular supply of the market, it is not economical to attempt to distribute to Singhalese customers through an Indian agency, because of the double duties which would be assessed on the goods. American machinery or hardware, for instance, if shipped to Colombo from an Indian warehouse, would have to pay a customs tax at both ports. It is obvious, therefore, that Ceylon shipments should be sent direct.

Good Transportation. There are good railway facilities, the total mileage being over 700 miles. The roads throughout the island are well kept. Shipping service is excellent, chiefly because Colombo is a regular port of call for most of the steamship lines to Calcutta, Singapore and Chinese ports. Before the war, through bills of lading could be secured for Colombo by ten different routes. Recently at least one steamship line has estab-

lished bi-monthly shipping service, both passenger and freight, direct to Ceylon from New York. Others may follow suit.

English is Language. In addition to English, which is the current language for commercial purposes, it is well to know Singhalese and Tamil, more as a matter of courtesy and form, however, than as an immediate need.

Natural Resources. Ceylon is agricultural. At least six-sevenths of the inhabitants are a country population. Every acre of cultivated land gives direct or indirect employment to about five persons. Rice in its two forms—paddy and the dry grain—is the most important product for native consumption. The agricultural methods are inefficient and old-fashioned, but the soil yields more than is needed for native consumption.

The principal exports are tea, rubber, products of the cocoanut palm (copra, desiccated cocoanut, cocoanut oil, etc.), cinnamon, and areca nuts and citronelle oil. One of the most picturesque occupations is the pearl fishery—gathering the "harvest of the sea." The salt industry is important. The mining industry is undeveloped, and plumbago is the only mineral product that is exported in large quantities. A limited amount of rubies, sapphires, moon stones, topaz, quartz and other precious stones is found in the small gem quarries.

Some Native Importers. The American exporter has a choice between a direct sales canvass of the principal importers or selection of a large importing house which will provide for the distribution of the goods throughout Ceylon. The chief importers of Colombo are English concerns, but there are a number of important native houses which already import and are inclined to extend their direct operations. The importing merchants deal with the small dealer through their shroffs. Much of the business of Colombo is in the hands of "chettys," or merchants, who make advances to the traders and finance the business of the island.

Banking Facilities. The leading banks are the Mercantile Bank, Bank of Madras, National Bank of India, Ltd., Hong Kong and Shanghai Banking Corporation, Chartered Bank of India, Australia and China, Bank of Colombo, Ceylon Savings Bank, and the Post Office Savings Banks.

Currency is Indian. The currency is Indian, the standard rupee of one hundred cents. The principal coins are the copper one-cent and one-half cent pieces; the nickel five-cent piece; the silver India rupee (100 cents), fifty cent, twenty-five cent, and ten cent pieces; and the gold sovereign (British). The Ceylon Government currency notes are in denominations of Rs 1000, Rs 50, Rs 10, Rs 5, and Rs 2. The British pound is accepted at 15 rupees.

Merchandise Marks. All articles of foreign origin should bear a definite indication of the country of production or manufacture. These marks should be in letters as large as any other letters that may appear on the wrappings, and they should be repeated wherever the other words appear. The Ceylon Merchandise Marks Ordinance now accepts "Made in U. S. A." as a sufficient counter indication of the country of origin.

Consular Office. The consular office is located at Colombo.

Documentation. No consular documents are required. The regulations are the same as those for India. (See India.) Ceylon has its own tariff system. The values of imports and exports are declared and are subject to scrutiny. The wholesale values at places of import and export are required. The Chamber of Commerce supplies the value on which duty is levied.

Burma's Resources Basis of Future Trade

IMMENSE natural resources, as yet only partly exploited, promise well for the development of Burma's trade with the rest of the world. With an area larger than Texas, great petroleum deposits, mines, forests and a fertile soil make the country one of exceeding richness. Navigable rivers and a well-planned system of railroads give access to these natural resources and link its important cities and trading centers. Lack of purpose and energy in the population cannot much longer stay progress and development.

Race Characteristics. The Burmese are among the happiest peoples of the world. They are sturdy and adapt themselves readily to country life; in fact, rural Burma reveals but few traces of poverty and improvidence, such as is found in the cities. The pleasure-loving instinct of the Burmese precludes sustained labor and gives rise to a state of idleness that represents practically a national characteristic. They are content to live their lives from day to day, loving to dance or to take part in primitive plays, known as pwé, or submit to the meditative languor peculiar to this part of the Orient. They are unbusiness-like and spendthrifts but they utilize the resources of their country to good advantage.

Products in Demand. Cotton, silk, and woolen goods, cotton twist and yarn are the important imports. These articles come largely from the United Kingdom and Bombay. The native grown silk still is used to make the monks' robes. Burma depends on the surrounding countries and on Great Britain, Japan, Sweden, France and Germany for many things which might be grown or developed on her own soil, such as jute, sugar, cocoanut oil, tobacco and minor manufactured products. The United States has supplied only a small per cent of the imports, but more might be accomplished if the real needs of the population were studied.

Location for Agencies. American manufacturers may well confine themselves to the town of Rangoon, where agencies, when necessary, are usually established. There is business also at Mandalay, but this usually is handled from Rangoon.

November to March. There are three seasons in Upper Burma: the dry or cold, the hot and the rainy season. The cold season lasts from November to February, the hot from March to April and the rainy from May to October. The best time to visit this part of the country is from the middle of November to the middle of March, when there is practically no rain. In Lower Burma there are practically only two seasons—the wet and the dry. From May to July it rains practically every day and extensive travel is impossible. Throughout the whole country the climate is hot but not unhealthful, and with proper care and exercise Europeans have no difficulty in resisting its effects.

Good Transportation. Burma is somewhat removed from the great main waterways of the world and no important land route passes through it. Rangoon is easily reached from India and the Malay Peninsula. A traveler from Europe can come by steamship to Bombay and from there by railway to Calcutta, where steamships will carry him direct to Rangoon. Or, he can make use of direct steamship service at Colombo, and from there proceed to Rangoon. There are railroad connections between Rangoon and Mandalay. Transportation facilities are afforded by the Irrawaddy steamers and the coastwise service. The Irrawaddy River is navigable the year round to Bhamo, approximately 1,000 miles from Rangoon. Its tributaries form important connecting links with the Rangoon and the Salween Rivers.

There are about 1,600 miles of railways, the important lines being from Rangoon to Mandalay, Mandalay to Myitkyina and from Mandalay to Lashio. The roads are numerous and those which are metalled furnish excellent highways for the bullock carts that constitute the chief means of inland transportation except where the pack mule is used. In some sections the country roads, even though bridged and drained, are impassable in the wet season, and this leaves the large stretches of territory roadless for six months of the year.

Oil, Timber and Rice. The great industry is rice cultivation, although petroleum refining, mining and lumbering are important. The forests are numerous and the yield of teak and cutch is especially valuable. Cutch is a substance obtained by boiling chips of a tree of the acacia family, known among the Burmese as the sha-tree. The product is used chiefly for dyeing

and tanning. Other agricultural products are cotton, beans, sesame, millet, peanuts and rubber. There is some weaving of cotton or silk in almost every home, but the industry has not been developed on an extensive scale. Burma is probably as rich as the Malay Peninsula in mineral products, but it has not been exploited to any great extent. The following products have been found: petroleum, tungsten ore, lead, salt, silver, tin, jade and gold. The principal exports are: rice, mineral oil, vegetables, timber, cotton, cutch, candles, forage, jade, ground-nuts, tobacco, rubber and precious stones.

Trading Conditions. The general method is to sell to importing houses which in turn sell to the retailers or natives through the means of brokers who are themselves responsible to the importer. The principal firms in Rangoon are English, but Japanese and other nationalities are represented as well. Some firms find it advantageous to have a local agent who will canvass the chief buyers, not alone in Rangoon, but also in the other towns in Burma with which it is advantageous to have direct relations.

The Burmese language is distinct from that of surrounding territory. English is the commercial language in general use. Unlike French Indo-China, there is no general suspension of business during the hottest part of the day. The offices are generally open from ten in the morning until five in the afternoon, and no extreme inconveniences because of the heat are reported.

Merchandise Marks Act. The Indian Merchandise Marks Act applies here, as well as in other British Indian territory (see chapter on India: Merchandise Marks Act).

Banking Facilities. Branches of the following banks have been established in Rangoon: the Yokohama Specie Bank, the Hong Kong and Shanghai Banking Corporation, the Chartered Bank of India, Australia and China and the Alliance Bank of Simla. The currency is the same as that of India. The same is true of the consular regulations to be observed. (See chapter on India: No Currency Problem and Documentation.)

Frontier Markets in Afghanistan

NEXT to the "Hidden Land" of Tibet, Afghanistan is by far the largest closed country in the world. It is a buffer state, with an area of 245,000 square miles, between British India and Russia in Asia. The countries to the north were under Russian influence, those to the east and south under British influence, and to the west lies Persia. The opportunities are principally for cheap goods since no one but the Amir and his court can afford things that are expensive. Supplying the wants of the Amir is a huge undertaking, for he buys anything that strikes his fancy and makes a special point of ordering direct from catalogues. The best types of American desks, typewriters, fountain pens, etc., can be seen in his palaces or in the government offices. He has fifty-eight motor cars for his personal use.

Most of the imports come from India and China. Either directly or through reshipping, India supplies the country with cotton goods, tea, sugar, tobacco, hardware, leather and silver treasure, indigo, and other dyeing materials, and receives in turn from Afghanistan drugs and spices, fruits and vegetables, grain, dried peas, wool, silk, cattle, hides, carpets, rugs and tobacco. The American articles most commonly in demand are sewing machines, kerosene oils, locks, watches and clocks. The country also depends on its import trade for such articles as manufactured leather, second hand wearing apparel, twist and yarn, metals, salt and cooking utensils.

Race Characteristics. "Happy is the country or the government where every man eats the produce of his own field, and no one concerns himself with his neighbor's business." This saying, in Afghanistan, characterizes the general temper of the population. Their martial spirit and sturdy independence have made them indifferent to outsiders; on the other hand, their laws of hospitality protect even an enemy under their own roof. In the arts of living they are less advanced than the inhabitants of India and many of the luxuries of Hindustan are unknown. Their ruling passions are love of independence and gain, and among their virtues should be counted those of prudence, frugality, faithfulness to friends, kindness to dependents, bravery and courage. The idea of private revenge—an eye for an eye and a tooth for a tooth—is universally held.

Location for Agencies. As already indicated, the bulk of goods destined for Afghanistan comes from India. Canvassing of the country, therefore, usually is left to the Indian houses, and the problem should be worked out in connection with that of India. For sub-agencies the following towns may be mentioned: Kandahar, Kabul, Peshawar and Chizni.

Climate No Hindrance. With other obstacles to entry removed, there is nothing in the climate that is actually prohibitive of a visit at any time of the year. As a whole, the temperature is high and the atmosphere is dry. A large part of the country is mountainous, and the rocky hillsides and lack of rainfall make the land ill-adapted to cultivation. Between the mountain ranges, however, there are many fertile villages and plains where, with the help of irrigation, satisfactory crops are raised. Almost everywhere throughout Afghanistan the soil and the climate make it possible to reap two harvests a year.

Seven Caravan Roads. The principal route is through the Khaibar Pass, the great gateway of India fortified by the British government. The Pass is open every week on Tuesdays and Fridays except in the hot summer when it is available to trade only on Fridays. In the morning the Pass is used for caravans going into Afghanistan, and in the afternoon for caravans routed in the opposite direction. By military regulation all traffic ends at nightfall. Camels and mules are the principal means of communication. Other trade routes are as follows: from India by the Gomal Pass to Ghazni and Kelat-i-Ghilzai; from Chaman, the terminus of the North Western Railway beyond Quetta, to Kandahar and thence to Kabul or Herat; from Persia by Mashad to Herat; from Bokhara by Merv to Herat; from Bokhara by Karshi, Balkh, and Khulm to Kabul; from East Turkestan by Badakhshan and Kandahar to Kabul.

Traffic is Limited. Practically all traffic is by the means indicated. There is a good road from Kandahar to Kabul, 315 miles long. The Amir has introduced telephone service between his summer and winter palaces (a distance of 100 miles). It is reported that he is interested in extension of telephone communication, the introduction of electric power for factories and the construction of some much needed railways.

English Tongue Used. For trade the English language has first place as in India. The principal native languages are the Persian and Pushtoo. The population is estimated at between six and seven million, the leading race being the Afghans. In 1915 it was said that there were only six Europeans and two Americans residing in the country.

Chief Resources. The country depends practically on two crops per year. The first, consisting of wheat, barley, fruit, almonds, peas and beans, is followed by one yielding Indian corn, rice, millet and arzna. Fruits, berries and castor-oil plants are found in abundance. The mineral resources are gold, silver, iron, and copper ore, lead, silicate of zinc, sulphur, sal ammoniac, gypsum, coal and nitre. At Kabul are found an ordnance factory, the government mint, canning and candle factories and a leather-working factory where are manufactured saddles, bridles, belts and other provisions for the army. Other industries include the production of silks, felt, sheepskin coats and Buddhist rosaries. The rugs of Afghanistan are beautiful examples of native handicraft, both in color and design and are exported in large quantities.

Business Primitive. The primitive method of barter and exchange is used. Trade is carried on against a romantic and picturesque setting: in narrow crowded streets the customers sit by the foreign merchant and haggle over the price. The bazaars on the streets of Kabul are quite unworthy of the capital. Time is of no value to these natives and they never lose an opportunity to drive a haggling bargain.

How to Enter Market. The expense of direct representation for American goods is great, and the inconveniences attending the work are numerous. The representative needs the personal protection of the Amir, and this can be secured only if he takes an interest in the particular business in question. To make the enterprise pay, the Afghanistan government should assume all expenses. In determining sales possibilities, the American manufacturer or exporter should not ignore the necessity for adapting his goods to the market. Adaptation of goods has its limitations to be sure. One Afghanistan nobleman is reported to have bought an American grand piano and then cut off its legs because he found it

convenient to play it while squatting on the floor. The use of a significant trade-mark is important because the native population prefers to buy articles bearing a familiar and attractive mark. They very seldom remember the name of the goods but always are attracted by a bright picture or a distinctive wrapper design.

Bazaars Offer Entry. The best way to enter the trade is through the bazaars of Indian towns which lie on the direct trade routes to Afghanistan, or through negotiations with the commercial agents representing the Afghanistan government at Bombay, Peshawar or Karachi. After a traveller from India has gained the necessary permission from the Amir, he still must have permission from the government of India and when this is given he is informed that he crosses the frontier at his own risk. It is wisest to conduct all business on a cash-in-advance basis. All orders should be put in writing and signed by the buyer.

Currency. Copper, silver, and gold coins circulate. The Kabul silver rupee is about half the value of the Indian rupee (the Indian rupee equals 32.44 cents American money). Formerly all the coins were hand-minted but now they are produced by machinery at the Amir's mint in Kabul.

Duties Are Onerous. No duty is levied on goods for the Amir or for the Afghan government. Some of the other duties still are very heavy and sometimes amount to almost double the sum anticipated, due to the arbitrary exchange values. Many of the heavy duties and monopolies have been removed, with a consequent expansion of Indian trade to a limited extent. In general the problem of documentation is the same as that for India. (See India—Documentation.)

The Hill Tribes of Baluchistan

THE TRIBES of Baluchistan are too primitive for anything like organization along commercial lines. The population is estimated at only 414,412. The principal races are the Brahui, Pathan and Baloch. The other inhabitants are largely subject races. Some 1,500 Hindus live under the protection of these subject or dominant tribes and carry on the trade of the country. The main di-

visions are British Baluchistan Proper, the Agency Territories and the native states of Kalat and Las Bela. Baluchistan is in the extreme western corner of the Indian Empire and has an area of 54,228 square miles. Persia lies to the west, Afghanistan and the Northwest Frontier Province on the north, Sindh, the Panjab and a part of the Frontier Province on the east, and the Arabian Sea on the south.

Cheap Goods Wanted. In all Baluchistan the first consideration is price. The standard of living is low and cheapness is an important requisite. There has been no large market for American articles although kerosene, hardware, hurricane lanterns and motor cars are in demand. The principal imports are Indian piece goods, food, grains, fruit, wool, ghee, sheep, horses and ponies, canned goods, sugar, tea and metal ware. The demands of the native population are limited. The characteristic dwellings are mud huts and black blanket tents. The family lives on one side and the herds on the other. Permanent dwellings are found only in the most highly developed regions and in the parts where they are needed for protection. The furnishings of the home usually are limited to a few felt blankets and skins, wooden bowls, earthen pots and stone griddles.

Location for Agencies. The canvassing of Baluchistan is often left to the local agent who is appointed at Karachi. For the interior, Quetta is the chief market, and practically the capital of the country. The ports are Miami, Pasni and Gwadar.

Extremes of Climate. The best travel time is the fall or spring, in order to avoid the extremes of heat and cold. Rainfall is always uncertain and limited in this country, as witness the many barren mountains and desert valleys and stony plains.

Routes and Transport. Baluchistan has a coast line of only 470 miles in all. Like Afghanistan it lies between India and Persia. It is practically a tributary in the trade sense to northwest India. The roads between important centers are in good condition, comprising over 1,000 miles of macadam roads and over 2,000 miles of paths and dirt roads. The best metalled road extends from Quetta to Kalat. Short railway lines serve the important cities. The telegraph and the postal service in the British territory is fairly complete and efficient.

Natural Resources. The products are barley, millet, wheat, rice, potatoes, lucerne, maize and fruits. Dates are one of the most important fruits raised in Panjgur. Numerous animals are found, the domestic ones being the camel, ox, horse, cow and donkey. The mountains yield coal in large quantities, also chromite, iron, lead, asbestos, oil, sulphite of iron and sulphite of aluminum. Some evidences of petroleum have been discovered. The exports comprise dates, and other fruit, both fresh and dried, mats, rugs, drugs, shark fins and wool. The manufactures include flour mills, ice factories, brewing, tanning, distilling, leather work and pottery. The manufacture of bicarbonate of soda and of matting and raw materials for mat making is important. Natural dyes are made from lac, willow, olive leaves and madder. In Quetta rosewater and attar of roses are manufactured from the common Persian rose. On the coast line there have been many successful experiments in sericulture. A patent fuel is made successfully from coal dust. The native tribes are nomads and weave rugs and blankets and belts.

Trade Conditions. Practically the same conditions as outlined for Afghanistan apply to the distribution of goods. The currency system is the same as that of India; while the regulations covering documents are also identical with those of India.

Information. Information regarding trade conditions can be obtained by addressing the Honorable the Agent to the Governor General, Quetta, Baluchistan, or the Honorary Secretary, MacMahon Museum, Quetta, Baluchistan. Catalogues may be sent to both addresses for distribution.

Asia's Melting Pot—the Malay Peninsula

THE inhabitants of the Malay Peninsula form a curious medley of races, colors and castes—brown, yellow, black and white. Of the various races, Europeans, Chinese, Japanese, Malays and Hindoos, the Chinese are the most numerous and they control the largest part of the agricultural and mining industries. The native population steadily refuses to work. The Malay has the reputation of being the most steadfast loafer in the world. He holds life cheap, and is said to be too lazy even to fish, and is content to watch the Chinaman and the Tamil (from India) build his roads and railroads, work his mines, raise cattle and cultivate the soil. The fishermen float about in sordid little houses, and prefer this life to dwelling on the land and cultivating it. The Malay is exceedingly polite and has a habit of reaching the subject he has come to discuss in a circuitous and roundabout way. He is never demonstrative, but always slow and deliberate, and his reserve and diffidence are not unpleasant. However, the commercial representative will have but little contact with the native Malay, since the Chinese practically control the trade of the Peninsula.

Political Divisions. The Malay Peninsula is divided into three sections: the British Straits Settlements, the Federated Malay States and the non-federated Malay states. The Straits Settlements comprise Singapore, Penang, Malacca, Province Wellesley, the Dindings, Labuan, the Cocos Islands and Christmas Island. The Federated Malay States comprise Perak, Selangor, Negri Sembilan and Pahang. The non-federated Malay states include the remaining states—Johore, Trengganu, Kelantan, Kedah and Perlis. Commercially these divisions are not important, and the following pages will be devoted to a description of the Peninsula as a whole. (In a separate paragraph a few of the characteristics and resources peculiar to Singapore, by all the odds the most important center in the Straits Settlements, will be indicated.)

Outlanders Buyers. The chief imports are food products. The United States sends canned milk, oatmeal and corn breakfast foods, tinned vegetables, fruits, candies, groceries,

liquors, cigars and cigarettes. There is not a large demand for manufactured goods except among the foreign population. Our chief rivals in trade naturally are Great Britain, because of her political relations to the peninsula, and the ever-present plodding Chinese, and more recently the Japanese.

Location for Agencies. All Malayan ports are free ports. The most important trading center is Singapore, which has had a remarkable development. It is here that agencies usually are established. The other important places are easily canvassed from Singapore, and include Penang, which is also known as Georgetown (Prince of Wales Island), Malacca, Labuan, Perak, Ipoh, Kuala Lumpur, Port Swettenham. For general purposes, however, the American manufacturer may place his interests in the hands of an agent at Singapore, who can judge the needs of the other points.

Time of Visit. May is the hottest month; January has the heaviest rainfall. The climate of the Peninsula colonies and Federated States is so greatly affected by the sea that it is unusually mild, although Singapore, for instance, lies only 80 miles north of the equator. There are no definite changes of seasons, and the trees are green throughout the year. Daylight lasts twelve hours, from six to six, and there is practically no twilight. To travelers from other latitudes this complete absence of change may be relaxing, or enervating, according to temperament. So far as the climate of the Peninsula itself goes, one season is as good as another for a business journey.

World Port of Call. Travellers from the northeast and south naturally land at Singapore; those from the west at Penang. Singapore is in direct line as a port of call for all the steamers between Europe and the Orient. It is also the commercial center for the Dutch East Indies, French Indo-China, Siam and Australia. Three steamship lines connect Singapore and Bangkok, as well as other ports on the eastern coast of the peninsula. There is railway communication also between Singapore and Bangkok. The railroad mileage of the peninsula exceeds 800 miles and the passenger service is fairly good. Singapore has excellent roads and the roads of the western part of the Federated Malay States also are well adapted to travel. Until roads are built, the states of Kelantan

and Trengganu on the eastern coast cannot be considered seriously for either commercial or agricultural purposes.

Passports Required. No passports are required for the sea ports, but they may be demanded at any time in the interior. In normal times all customs examinations are lenient in the classification of imports as dutiable or otherwise.

Language is English. English suffices for ordinary travel and for relations with merchants of the upper classes. A knowledge of the Malay language is desirable, if contact with any considerable mass of the population is contemplated, and also for contact with people in other parts of the South Sea Islands who speak dialects more or less based upon the Malay.

Rubber Plantations. The chief products are rubber and tin, both famous all over the world. Formerly rubber came only from South America and Africa. Rubber planting in the Malay Peninsula has yielded such excellent returns, despite the fact that the plant is not indigenous to the soil, that we now consider this the principal source of our good rubber. The demand promises to increase on a larger scale than ever before and great prosperity for these states is assured. Patchouli is cultivated in large areas; the leaves are cut and dried, one picul of leaves (133 1/3 lbs.) yielding 24 to 30 ounces of essential oil.

Tin Mines Important. The Malayan vegetation is luxuriant due to the abundant rainfall. Like the tropics in general, the population is so small in relation to the area and natural resources, that the natives do not feel called upon to exert themselves to any great degree with manual labor. The products are raised chiefly by the Chinese and comprise rice, coffee, sugar, indigo, sago, cocoanut, gambier, tapioca, cacao, aloes, nutmegs, fruits and vegetables. Tin is most abundant on the western coast, but it is found everywhere in the Peninsula and the output is considered unusually large in relation to the territory covered. The mining of tin is almost entirely in the hands of the Chinese. Other mineral products are gold, wolfram and coal. The forests yield oils, canes, guttapercha, resins, as well as valuable timber. The manufactures include vehicles, tools, bamboo furniture, biscuits and cocoanut oil.

Traders Prosperous. Of the foreign trading population the Europeans, Chinese and Arabs enjoy prosperity to an unusual degree. The mercantile community consists of two types of houses: the great wholesale establishments which do both export and import business and the retailers who are chiefly Chinese. These retailers are agents for the purchase and the sale of the imports which are retained for domestic consumption as well as local products not exported. Agencies are maintained by many manufacturing firms and foreign export houses in order to cover both Singapore and the markets of the adjacent islands.

Many Branch Banks. Few of the great foreign banks lack representation at Singapore or in the other colonies, the prominent ones being branches of the International Banking Corporation, the Yokohama Specie Bank, the Hong Kong and Shanghai Banking Corporation, the Mercantile Bank of India of London, the Banque de l'Indo-Chine of Paris, the Bank of Taiwan, the Chartered Bank of India, and the Banque Russo-Asiatique.

Guaranteed Currency. The silver Straits dollar circulates freely, its value guaranteed by the British government. The unit of legal currency is the British sovereign, as per a bill passed in 1906 for the establishment of the gold standard unit. The Straits currency has silver coins in denominations of 1 dollar, 50 cents, 10 cents and 5 cents, also copper coins of 1 cent, one-half cent and one-quarter cent. The government issues paper notes and the paper currency of the Chartered Bank of India, Australia and China and the Hong Kong and Shanghai Banking Corporation is also legal tender.

A Great Free Port. Singapore is a center of trade and one of Europe's great military and commercial outposts. As a cosmopolitan market and free port, its facilities are at the disposal of the whole world. It is one of the greatest shipping ports and is served by over fifty lines of steamers, with a trade of more than 20,000,000 tons a year. The climate is so mild and agreeable that Singapore has been called the "Paradise of Children." It is essentially the home of rich Malays and Chinese. The large banks and commercial firms have offices and representatives here, and the important markets are among the busiest in the world.

Traders are Chinese. Of a population which exceeds 300,000 persons, the white inhabitants number less than 6,000. The Chinese are the prosperous class and are influential in every way except politically. They live on land and on the water, in boats moored in the harbor. Wherever they are, they control the trade and the wealth they represent mounts into the millions. The business hours among Europeans usually are from ten to three. After the day's work, the inhabitants enjoy delightful sea breezes and, if they wish to "round the Gap," they can obtain from the Buena Vista Road a pleasing view of the sunset and the surrounding sea with its numerous isles. Both here and in the busy thoroughfares of the city Singapore emphasizes its position as the gateway of the Far East and as a world seaport through which pass an endless number and variety of ships making or clearing port.

No Trade Formalities. No consular documents are required; no restrictions as to shipping marks and weights. There are no tariff discriminations and in general no import duties are charged. For points where through bills of lading cannot be obtained, shipments should be made to the nearest port of call that provides a desirable route to destination. (For a list of places for which through bills of lading are issued, consult an exporters' guide.)

Siam's Purchasing Power above Average

WITH a population of 8,000,000 Siam's purchases of foreign goods in recent years have approached four dollars per capita. This means that the Siamese individually either have three and a half times as much money to spare for imported necessities or novelties as have the natives of India, or that their appreciation of European and American merchandise is correspondingly greater. Higher purchasing power is probably the answer. Siam's immense rice exports—$36,987,188 in 1917—contribute to this purchasing power, while her timber and mining industries and the work they provide add further to the people's resources.

Of late trade between the United States and Siam has increased materially. The imports from the United States comprise cigarettes, electrical goods, machinery, metal manufactures, mineral oils, tools and motor cars. There has been a large demand for typewriters, especially those fitted with Siamese type. The Siamese industries still are in a low state of development. The opportunities for extending American trade are unusual, provided proper effort is expended in stimulating commercial activity.

Location for Agencies. So far as Americans are concerned, they may well confine themselves to Bangkok. If local agencies are needed it is here that they are established. It is here also that the chief houses which make direct importations are located. The wholesale importers, who are of various nationalities, including British, Dutch, French, Italian, distribute the goods to the native merchants who act as retailers. There are some Siamese firms which are growing in importance and can make direct importations. Not infrequently the sale of a certain kind of merchandise is given to one of the large Siamese importers, who is responsible for the proper distribution of the merchandise throughout Siam.

Workers Are Chinese. The natives are warm hearted, sympathetic and contented. They live a casual life. In the favored tropical climate which they enjoy, life moves easily, and six weeks' work on the land yields a year's subsistence. They have never learned the meaning of industrial competition, and as a result

their commerce and wealth have passed largely into the hands of the Chinese, who represent ten per cent of the population. The Chinese are the principal laborers, artificers, retail dealers, gardeners, bankers and holders of opium and gambling monopolies. The following races are found, in addition to the native Siamese and Chinese: Laos, Cambodians, Malayans, Burmese, and Annamese.

Winter Months Best. The best time for travel is the dry season—from November to January. July and August are the wettest months, and together with April, constitute the hottest period of the year. The climate as a whole is not healthful. Although it is tropical it is not one of great extremes, except at intervals when the humidity is trying.

Steamers to Bangkok. The usual route to Bangkok is by way of steamer from Singapore. The railway line between Bangkok and Singapore has been completed and was opened recently. A coastal service also is maintained between Bangkok and the ports of French Indo-China.

Rail and Water Lines. There are over 1,500 miles of railway in Siam connecting all parts of the country. The coastwise and river transportation systems also are adequate. Several lines of steamers take cargo direct for Bangkok or provide for transshipment at Singapore or Hong Kong. Bangkok alone possesses modern macadamized roads; in other parts there are no highways worthy of the name. The regions of the interior, which possess neither good roads nor adequate water route facilities, comprise large stretches of fertile lands. Recently a railway line was opened down through the Malay Peninsula, connecting with steamers at Singapore and giving quick access to the outside world.

Passports Demanded. Passports and luggage are examined on board the steamer by the proper customs officials before passengers are allowed to land.

"English Spoken Here." Siamese is the language in current use. The educated population speaks English with ease. The American consul will supply guides who speak English, or they may be obtained at any of the large hotels.

Rubber Industry New. Rice is the chief product. The men of Lower Siam devote the dry season to agricultural pursuits, and in the wet season they come up to Bangkok to trade or to gamble. Planting of rubber is a comparatively new industry and suggests possibilities for extensive development. Pepper, which was formerly cultivated and used as complimentary gifts, has been largely in the hands of the Chinese settlers. Tobacco is consumed locally but not on an extensive scale.

Siam was once a sugar growing country, but whatever is produced is for home consumption alone. The betel nut is grown everywhere but nowhere meets local demand. In upper Siam there are dense forests, and cutting of teak is an important and profitable industry. It is almost entirely in the hands of the British. There are small mineral resources, and in addition to gold the following are found: tin, wolfram, coal and iron, zinc, manganese, antimony, quicksilver. Drying and curing of fish give occupation to a comparatively large proportion of the population.

Imports from America. Bangkok is the center of trade, which is carried on chiefly with the United States, British India, Hong Kong, France, Great Britain and Germany. Four-fifths of the commerce with the United States represents exports thereto, consisting of tungsten ore, lac, pepper and hides. The imports from the United States amount to about $600,000 annually. Within recent years American firms have sent personal representatives to Bangkok for the purpose of stimulating trade, and this is responsible to a large extent for the recent increase in the commercial activity of the two countries.

Banks and Banking. There is one Siamese bank—the Commercial Bank of Siam. In addition there are agencies and branches of the Hong Kong and Shanghai Banking Corporation, the Chartered Bank of India, Australia and China, and the Banque de l'Indo-Chine, all at Bangkok.

Guaranteed Currency. The currency is on a gold basis. The government guarantees the value of paper and silver at the rate of 1s 6d and 15-32 per tical, which equals $0.37085 American gold per tical. The unit is the silver tical (called baht), weighing 15 grams .900 fine. The following coins are also used:

salung (¼ tical) silver; the 2-salung piece, the 10 satang piece and the 5 satang piece (nickel); and the satang (bronze), the one hundredth part of a tical.

Advertising is Limited. Advertising can be placed in the Bangkok papers, one of which has English and Siamese editions, the former running to 500 copies and the latter to 3,500. A Government Gazette is published in Siamese. There are three Siamese and two Chinese daily newspapers.

Trade-Marks Upheld. The Siamese courts have upheld the right of trade-marks, but this ruling, which was to have gone into effect in 1914, is still suspended.

Consular Office. The United States consular office is at Bangkok.

Documentation. No consular documents are required. Invoices must specify numbers, quantities, net weight and value of goods. This is required for the customs entry. Net weight should be stated either in pounds or kilograms. A 3% ad valorem duty is assessed on all classes of manufactured articles (except liquors) including all cost to port of entry. There is no discrimination in favor of or against any country. The bill of lading should be made out for Bangkok. Freight should be paid to that port. When shipping documents are made out for points requiring transshipment, instead of Bangkok, it involves both serious delay and heavy expense. (Consult also a standard exporters' manual.)

Selling More to the Dutch East Indies

AMERICAN trade with the Dutch East Indies experienced such a remarkable revival during the last three years of the war that a brief analysis of the general situation there has been included as a typical illustration in an earlier chapter of this book. Suffice it to say here that, after the Philippines, the Netherlands group of the East Indies presents perhaps the most favorable market for American goods in all the Orient.

Not the greatest in volume, it is true, but one of the easiest to enter and, because of the immense natural resources of the islands and the recently established direct trade with the United States in copper, tin and other raw materials, a market which should ultimately develop into an important outlet for American products. Another factor of importance is the friendly attitude of the Dutch administration towards traders of alien nationalities. Except in the Philippines, Americans will nowhere encounter fewer restrictions.

Four Huge Islands. The Dutch East Indies comprise the islands of Java and Madura, Sumatra, Celebes, a large part of Borneo, part of New Guinea, Ceram, the Moluccas and Timor. Of these islands Java is by far the most important. Its area (about 50,000 square miles) is equal to that of England, and its population exceeds the combined population of Sumatra, Borneo, New Guinea and the Celebes. Next to the continent of Australia and the island of New Guinea, Borneo is the largest island of the world; only a portion of it belongs to Holland. Sumatra, with its area of 160,000 square miles, is three times as large as Java, and over fourteen times as large as Holland. Celebes is the third largest island of the archipelago, its area with dependencies being estimated roughly at 72,070 square miles. The remaining smaller islands are unimportant for purposes of commerce and trade. Banka and Billiton are heavy producers of tin. The Molucca Islands supply plumage of birds and spices; large cotton plantations are found in Flores.

All Seasons Alike. The temperature is generally so equable and the climate so nearly the same the year round that it does not matter greatly which months are chosen for a

visit. The dry season (June, July and August) usually is preferred, but many tourists choose the rainy months of December, January and February as a means of escaping from the severity of the winter season in their own countries. Celebes probably is the most healthful island in the group, due to the fact that there are no marshes and little humidity. The humidity in Sumatra and Java is more trying.

Trade Routes Upset. The war has disarranged all the trade routes with which the world was familiar. Few sections on the globe have been affected as greatly by these changes as the Dutch possessions. Before the war Great Britain came first in their trade, followed by Germany and Holland. The steamship services from western Europe were regular and frequent. With the substitution of direct routes, the countries just named have found formidable rivals in the United States and Japan. When arriving on the Pacific lines, the customary route for the traveller is to go to Singapore or Hong Kong and from there to these islands.

Since Java is the most important of the islands, all sales tours should be planned with that as the center. Sumatra is within easy reach of either Java or Singapore. The commercial traveller, however, should not depend too much on geographical position.

Recommended by Japan. The following route, recommended for the tourist in the "Official Guide" prepared by the Imperial Government Railways of Japan, may be of service to the commercial traveler, except that he naturally would ignore the suggestions regarding length of stay:

> "For an excursion through Java (starting from Batavia) from two to three weeks are usually allotted. If the tourist is also to see Bali Island, two more weeks must be added. The high plateau behind Padang in Sumatra will alone take from one to two weeks. Dutch Borneo and Celebes, including the return trip, will take about a month. For these two islands the tourist may start from Singapore or Batavia; but the best way is to start from Sourabaya, after completing the tour of Java, and go to Macassar, the southern port of Celebes, thence to Balik Papan (an oil-producing region in Borneo), and, again touching at the western coast of Celebes, finally come to Menado of Minahassa at the northeastern end of the island. The tour of the Dutch possessions must be largely dependent on the steamship service,

and this service is exclusively in the hands of the Royal Packet Company, whose routes are rather complicated, so that the tourist must carefully plan the order of his trip beforehand."

Passports Required. Passports giving name, nationality, age, place of departure and purpose must be left with the district office within three days of arrival. A special passport to the interior is required. Usually passports are limited to six months. Landing permits can be obtained for $10 and will be called for from all except those who have tourist or return tickets. A commercial representative may carry sample merchandise to a certain amount without being required to pay a tax. Anything exceeding this amount usually is subject to duty.

English and Dutch. For commercial purposes English and Dutch are both used. The Malay language is reasonably simple and with patience it can be learned from the ordinary handbook of conversation usually placed in the hands of the tourists. Official documents are written in Dutch and thereafter frequently translated into Chinese and Malay. The native dialects of Java are Javanese, Sunda, and Madoera. A variety of native dialects is found in Borneo, Sumatra and the Celebes.

Dutch Money in Use. The currency is Dutch. The standard gold coins of 10 guilders and 5 guilders are seldom circulated. The silver coins in daily use are the fl. 2.50, fl. 1, and 50 cents. Smaller silver, nickel, and copper coins also circulate, down to the denomination of ½ cent pieces. The pound sterling is accepted. The importation of Asiatic coinage is strictly forbidden.

Trade-Mark Rights. All trade and factory marks are protected by law. The privilege of prime use is given to the one who can prove that he was the first to use it. Right of exclusive use depends on the mark being actually used. The first registration holds for twenty years, but the legal protection ceases three years after the trade-mark last has been used.

Banking Facilities. The principal banks doing business in the islands are branches of the Chartered Bank of India, Australia and China, the Bank of Taiwan, the Hong Kong and

Shanghai Banking Corporation, the International Banking Corporation, Cox & Co., Banque de l'Indo-Chine, Philippine National Bank, the Branch Bank of Java, the Dutch Society of Commerce, Nederlandsch Indische Escompto Maatschappij (Netherlands-India Discount Bank), the Indo-Dutch Agricultural Society, the American Commercial Society, the Colonial Bank, the Principalities Agricultural Company, the Commercial Bank of Australia, Unie Bank voor Nederland en Kolonien, Molukische Handelsvennootschap, the Indo-Dutch Bank and Credit Society, the Indo-Dutch Mortgage Bank of Batavia, the Javanese Mortgage Bank of Amsterdam, and a credit establishment for natives, the Poerwokertosche Hulp-Spaaren Landbouw-credit-bank.

Credit Conditions. An unusually highly developed credit system (with which the foreign exporter has practically no contact) is maintained through the Village Rice Banks, the Village Credit Banks, and the Provincial, Divisional or District Banks. The Rice Banks are established by individual communities or unions of the native villages. The contributions of rice are refunded out of profits, the loan of rice being returned out of the next year's crop, with an additional 50% by way of interest.

Documents Required. No consular documents are required and there are no restrictions as to shipping marks and weights. For specific shipping regulations, consult a standard exporters' guide. Steamship service is likely to expand so rapidly, now that vessels are being released for commercial work, that lists of sailings should be checked at intervals to insure accuracy.

Market-Making in Java and Sumatra

"IF GOD wills it, what can we do?" ask the Javanese, cheerfully evading every opportunity to work. For, like many other Orientals, the Javanese would rather diminish their wants than increase them. Their island is a bountiful garden, with a fertile soil, a luxuriant vegetation, in which a few days' work yields a year's supply of food. They have had no inherent desire to elevate or improve their position. The general apathy and indifference to economy which is one of their characteristics undoubtedly can be traced to the fact that the fruits of their labors have been taken from them. And yet, when compelled by their foreign masters to toil, they make excellent workers and are docile, industrious, truthful, straightforward and sober.

Their politeness and deference are traditional; their servility has been interpreted as hypocritical, but in the main their history has revealed a certain courage and military aptitude. With both energy and ability at their command, the Chinese gradually are becoming the chief owners of the island. They produce cheaply and sell at low prices, and thus establish an extensive competition with Europeans, Americans and others who wish to make use of the island's unusual opportunities for trade. The Arabs also are influential.

Products in Demand. Java is a large importer of foreign goods, due to the lack of extensive manufacturing developments. It is the third largest importer of cotton goods in the world. The trade, which in pre-war days went to Great Britain and Holland, now has been taken up by Japan and the United States. Japan, being nearer, has the advantage of position. From these two markets come machinery and agricultural implements, fertilizers, jute bags for sugar, glassware, and miscellaneous manufactures. Rice is imported from British India, Indo-China and Siam. There is a large demand for machinery, iron, steel and imported foodstuffs of many varieties.

Location for Agencies. In Java the chief city is Batavia, where most of the important houses have their headquarters. Very often the exclusive sale of goods is given to one of these

firms, who carry stock and look after the distribution throughout the islands. Those importers who find it desirable to maintain a personal representative will find it preferable to establish headquarters in Batavia and the agent can readily canvass the rest of the islands from that point. In Java, besides Batavia, the chief cities are Bandoeng, Samarang and Sourabaya; here branches often are maintained.

Transportation Good. There is adequate sea transportation between the ports of Java and the archipelago. The communications by land and sea are excellent. The good roads on the island and the numerous bridges over the rivers are largely the result of an abundance of free labor. A good motor car service is maintained. In 1872 two railway lines were opened and now Java has over 3000 miles. An excellent system of posts, telegraphs, and telephones is maintained. The Royal Packet-Boat Company is subsidized by the state, and receives most of the traffic between the ports of Java and surrounding islands. An English company, with headquarters at Singapore, runs in competition with it. Before the war private exporters and importers made use chiefly of the Rotterdamsche Lloyd Line of steamers and those of the Dutch Navigation Company. From the United States, San Francisco and New York, transportation has been carried on by the Holland-America Line. Two lines have been subsidized by Java—the Java-Australia Line and the Java-China-Japan Line. The Manyo Kumi Kaisha Line runs between Java and Japan.

Rich in Resources. Before the Dutch came, industries were limited to the requirements of the inhabitants, such as agriculture, hunting and fishing. The soil is rich because many of the volcanoes are of recent origin. An agricultural information service for Java has been in existence for some years for the purpose of promoting agriculture along scientific lines. Of all the agricultural products, coffee holds the highest rank. It formerly was a government enterprise, but now there are privately owned estates of considerable importance.

Although sugar production is a comparatively new industry in Java, the island now is exceeded by Cuba alone as a producer of cane sugar. More than a million and a half tons are produced for export, and the process of sugar manufacture is up-to-date. The shipments to the United States, an annual event, bridge over the period of scarcity

here before the arrival of the Cuban product. There are over 400 rubber estates, with a total area of 154,000 acres. Rice is the staple food. Other products are coal, tea, tobacco, cinchona or Peruvian bark, cocoanut oil, kapok, cotton, paper, vanilla beans and bananas. One of the most important of these is Peruvian bark.

Manufactures Are Few. Java ranks first in its exports to Europe of raw materials for the manufacture of quinine. Native manufactures have not been extensively developed. However, there exist a few specialties of purely local interest, such as pottery, coppersmith's work, basket-making, plaiting, weaving, and staining mats. Most of the machinery is imported, but the island handles all repairs. There is a metal foundry in Java, and the following products are manufactured on a small scale: building materials, paper, spirits, tannin, bamboo, pandan hats and furniture.

There is some shipbuilding, and ice is manufactured on a large scale. Two industries are highly developed: the manufacture of krees (arms) and the ornamentation of stuffs by the batik process. The batik makers usually are women. The Chinese have developed the silk industry. With proper direction the future of Javanese industry is assured because of the abundance of cheap labor and the nearby coal mines of Borneo and Sumatra.

Chinese Retailers. In Java, as in the other islands of the Dutch East Indies, the commercial traveler will have his chief relations with the Dutch and English importing firms. The majority of the importers, however, are of Dutch nationality. These firms in their turn sell to the Chinese dealers, who almost exclusively control the retail trade. The Chinese are rapidly growing in wealth and influence. Japan of late has turned her attention to the islands and is materially increasing her business with the importers who formerly bought chiefly in Europe and the United States.

Consular Offices. There are consular offices at Batavia and Sourabaya, both on the island of Java.

Trade Information. Island merchants have organized a Commercial Union for the advancement of trade and the compilation of import, export and shipping statistics. There are chambers of commerce in Batavia and Sourabaya. A

department of commerce and industry exists under government control; it publishes a weekly periodical devoted to agriculture, industry and the promotion of export trade. The department also conducts experimental plantations for the development of better methods in the raising and preparation of various island products.

General Conditions. A general chapter on the Dutch East Indies (see page 231) treats such subjects as banking facilities, credit facilities, trade-mark rights, passports, language, trade routes. These are more or less alike for the whole group.

Sumatra's Undeveloped Treasures

DESPITE its long occupation by the Dutch the island of Sumatra still is partly unexplored, and many of its numerous and independent native tribes are fierce and warlike. The most active and industrious of these are the Achinese. They are fearless and expert navigators, and their merchants deal more liberally with foreigners because they have a wider knowledge of the outside world. The tribes of Sumatra are too numerous to describe or even name. All of them live poorly, and those of the interior are ignorant of arts and commerce. They possess in more or less degree the usual faults and virtues of the Malays. The population is not in proportion to the area of the island, due to war and unhygienic living.

American Products. The chief articles supplied by the United States are automobiles, patent medicines, chemicals, toilet articles, lighting devices, household articles, canned goods, stationery and office supplies, musical instruments and building materials. In fact, American manufactured goods constitute a large part of the imports. Sumatra is situated at a strategic point on the ocean highway from the West to the Far East, and guards the entry to the China Sea, to Indo-China, China and Japan. Its advantages of position are out of all proportion to the extent to which it has developed its resources. With regrettable lack of foresight the natives are content to cultivate the ground only to the point where it will yield sufficient quantities to satisfy the needs of the day. From the abundant resources around them they eke out a bare existence, and the Chinese enter and bargain with them for their agricultural and fish products and take all the profit there is.

Location for Agencies. The agency for Java, including Sumatra and Borneo, often is given to a firm in Batavia which periodically canvasses the other islands. In the majority of cases the large importers who sell to the Chinese dealers have their main house in Batavia, with a branch in Padang, Sourabaya, etc. The most important port in Sumatra is Padang. Another port is Palembang, which is 352 miles, or two days' sail, from Batavia and 300 miles, or two days' sail, from Singapore. It is the chief commercial center for that part of the island. Other important places are Medan and Banka, the latter island being one of the richest tin producing districts in the Dutch East Indies.

River Transportation. The trade of the interior is carried on mainly by river boat. In the remote districts no roads are found, and the natives actually raise barriers against the construction of anything that would replace their lonely and wild paths. The seaboard has good roads now, and there the government maintains an automobile service. The government vehicles are operated by agents appointed by the administration, and they are open to the public at fixed rates. The island has about 800 miles of railways. A line of English steamers connects it with Singapore.

Immense Resources. Upon agriculture depends the immediate future of Sumatra, which has natural resources almost equal to those of Java. The leading products are tobacco, rice, coffee, Peruvian bark, sugar cane. The forests are heavy, and in addition to the species of palm generally found in the East Indies yield gums and resins, camphor, rubber, pepper, areca-nut, lacquer, benzoin, and cinnamon. The subsoil is rich with treasures—gold, silver, tin, lead, copper, sulphur, petroleum, naphtha, alum, saltpetre, and magnetite.

The industries are primitive to an extreme. There is some manufacture of cotton goods, although the bulk of the supplies comes from Great Britain, which country also furnishes most of the woolen goods in use. Medan, on the east coast, is a modern city, with attractive buildings, adequate transportation facilities, and general prosperity—a direct result of English influence and of the famous tobacco plantations of the vicinity. The tin mines throughout the island and the production of petroleum yield large revenues. The principal occupations are work in basketry, copper, and textiles.

Some English Houses. Most of the importing in Sumatra is done by Dutch or English houses which maintain branches in the principal ports. These firms in turn sell to the Chinese dealers, who control practically all the retail trade. Most of the trading among the natives is from one section of the island to the other. Primitive barter and exchange are largely in vogue.

General Conditions. The conditions just described are peculiar to Sumatra. For a description of banking and credit facilities, suggestions regarding routes, best travel season and general problems of currency, trade-marks, see the chapter on the Dutch East Indies.

Future Markets in Borneo and Celebes

SO FAR as commerce with the natives is concerned, the political divisions of the island of Borneo are not significant, except that the British territory inevitably falls under the control of British trading interests, while the Dutch regions are so largely unexplored that they furnish greater opportunities for natural foreign exploitation. The British territory comprises the northern part of the island, together with the adjoining states of Brunei and Sarawak. Dutch Borneo comprises the southern part of the island. The most cultivated peoples here are the Malays. A company of British merchants controls the 30,000 square miles of British North Borneo.

Primitive Conditions. One-seventh of the population is Chinese; there are few white men. The native population consists of the following tribes—the Bajaus, the Dusuns and the Muruts. They have no written language, no cities, and no wealth and their internal relations are purely feudal. The real natives of the country are Dyaks, those of the interior being semi-savages and not adapted by habit or temperament to regular or fatiguing work.

Something more might be said of the Dyaks of Dutch Borneo. Their natural tendency is to be hostile to the foreigner; the interior tribes have won notoriety through their barbarous custom of head-hunting, in inter-tribal warfare. Where the Dyaks have mingled with the Malays, a type has been produced that offers definite possibilities for civilization. They are cheerful, hospitable and even honest on occasion, fond of their wandering life and independence.

Products in Demand. The market for European and American goods is confined mostly to the Chinese and other foreigners. Only the civilized Malays use the imported cotton goods. The leading imports, in addition to cotton piece goods, trade goods and various novelties, are rice and tobacco.

Location for Agencies. In British Borneo the chief port is Sandakan, which is easily reached from Singapore. It is here that the chief houses are established. The other important place is Brunei, where there is also a fair volume of trade. In Dutch

Borneo the chief town is Bandjermassin, although many European firms depend upon their agent in Batavia or Singapore to canvass these regions and stimulate a market.

Rivers Are Highways. In approaching Borneo you can go to North Borneo direct from Singapore; another possibility is to start from Hong Kong and arrive at Borneo via the Philippine Islands. Unusual transportation facilities are afforded by the fine rivers of the island. It is united with the other islands of the group through the Royal Mail Steamship Company. A railway runs from Jesselton to Melalap, a distance of 127 miles. In Dutch Borneo there is a good road from Bandjermassin both to Samarinda and to Sambas. Until the country as a whole is developed the project of railroad construction is almost too expensive to be worth while, despite the fact that Borneo is one of the richest spots in the world.

Great Natural Wealth. In British Borneo (including Sarawak and Brunei) are produced timber, coffee, rice, sago, cocoanuts, nutmegs, fruits, cinnamon, pepper, tobacco, sweet potatoes, tapioca, camphor, rattans, gambier, gutta-percha and rubber. The principal industries are agriculture, lumbering and mining, the mineral products comprising coal, iron, gold and mineral oils. Paraffin and benzine are produced and shipped in large quantities to Europe and the United States.

In the Gomanton caves are found the birds' nests for which Borneo is famous. The white and black nests are made by two different kinds of swallows and are formed from the saliva of the birds. The white nests are considered more valuable, and in appearance they are like pure white gelatine. Most of them are sent to China, where birds'-nest soup is considered an expensive luxury. In Dutch Borneo four-fifths of the soil is not cultivated, due largely to scarcity of the population. The products are limited to rubber, copper, building timber, gums, waxes and resins. The mineral products in this region are famous, especially the diamonds, gold, coal, silver, lead, copper, zinc, mercury, etc. The petroleum industry is in the hands of one English and two Dutch companies, all of which are considerable in size.

Banking Agencies. The Chinese Commercial Bank and the Hong Kong and Shanghai Bank have agencies at Jesselton and Sandakan, both in British North Borneo.

Close Trade Control. In British North Borneo the business is chiefly in the hands of a company of British merchants and several British trading firms. In Dutch Borneo there are many important houses, several making direct importations. In both cases these large importers sell to the natives and the Chinese.

General Conditions. The problems of documentation and banking and credit are the same as in Java, Sumatra and Celebes. For a few general suggestions regarding these and similar problems of interest to the exporter, see the chapter on the Dutch East Indies (page 231).

Passports for Interior. In British North Borneo a passport is required for the interior. The price of the same is dependent upon the length of stay and the locality. For two dollars, a passport can be obtained for a trip of less than three months from Jesselton to the Sipitong along the western coast. For a stay of over three months but less than a year the price is ten dollars. In other localities the relative prices for corresponding periods are 50 cents and five dollars.

Tribes of Celebes and New Guinea

MADE UP of many free native tribes, the population of Celebes belongs to the Malayo-Polynesian race, the principal groups being the Bugis, Macassars, Alfours and Toradjas. The Macassars number about 230,000, and occupy the western part of the southern peninsula. The Bugis, twice as numerous, are in the southern part and on the coasts. They are expert navigators and famous traders. All the tribes are industrious and proud and determined to enjoy their freedom. They lack social organization, and as a result do not make much progress in working the plantations and the immense stretches of virgin soil. Although they have no great respect for the property of others, they are loyal after a fashion, and frequently reveal characteristics that are unusually gentle and peaceable.

Market for Goods. So long as the native inhabitants resist the exploitation of their territory by foreigners there can be no large market for goods, since there is no natural demand for them. The imports now are chiefly cotton yarn,

knitted goods, rice, wheat flour, coal, kerosene, matches, hardware, tobacco, drugs and medicines, furniture, toys, biscuits and other provisions, fabrics, gold and silver thread. The things they produce in excess of local consumption are copra, rattan, oil of cajeput, Macassar oil (extracted from the seed of the badu), dried and salt fish, beche de mer and the swift-sailing native craft known as praus.

Location for Agencies. (See Java—Location for Agencies.) The principal city and seaport is Macassar. Since 1848 it has been a free port, and it has grown so extensively that it is becoming a second Singapore. In fact, to avoid serious competition, Singapore recently tried to get a monopoly of copra, for the quantities passing through Macassar were so large they threatened to exceed those of the whole of British India.

Next to Macassar, Menado is the one city that resembles those of Holland itself both in the arrangement of the houses and their interiors. It is a point of export for a region fertile in coffee, sugar cane, copra, rattan, spices and dammar. The port of Donggala is the base of operations for a large part of the trading on the west coast. Gorontalo also is a trading center; it is 248 miles from Menado.

Poor Transportation. The means of transportation are inadequate. The good roads—one leading from Menado to Amoerang and Tondano and the other from Macassar to Boni and Menado—are out of all proportion to the large area of the island. A rather primitive dog cart is in use on the mountain roads. A canal cut through the isthmus of Palu would be a great stimulus to commerce. The steamship service, in normal times, of the Dutch, British, and Chinese is fairly regular. The most common means of transportation is by way of the steamers of the Royal Packet Company. The government is planning an extensive system of railroads in Celebes, to be developed in co-operation with private capital.

Natural Resources. The soil is rich and fertile; if it were properly cultivated, it would give an abundant yield. The Toradjas and other interior tribes cling to their barbarous customs and produce a shortage of labor by persistent head-hunting. Fishing comes a close second to agriculture, and the exports of dried and salt fish are almost as important as those of copra, sugar cane and rattan. Nothing, however, yields as large a revenue as copra,

because its price is high and its production requires but little labor and scarcely no skilled labor. Various kinds of timber are found in large quantities. Salt is manufactured to supply the needs of the island, but on the whole Celebes has no manufactures of importance.

Iron Ore Deposits. Recent investigations in the Verbeek Mountains have disclosed a large potential wealth of mineral deposits—chiefly iron, nickel and manganese ore. The Dutch government has undertaken the development of these mines in the hope of obtaining an estimated yield of some 350,000,000 tons. If results are as fruitful as the first detail explorations would indicate, a market for selling American mining machinery may develop here.

Dutch Are Dominant. Business is almost entirely in the hands of Dutch importers who, as in the case of Java, sell to the Chinese retailers. The latter control the retail trade.

General Conditions. In the chapter on the Dutch East Indies (see page 231) are treated the general problems of currency, trade-mark registration, routes, passports, documentation and banking and credit conditions.

Consular Office. The consular office is in Macassar.

Island of New Guinea. The territory comprised in the island of New Guinea represents three zones of influence. The British possessions are found in the southeastern part; the Dutch territory lies on the west; that which was claimed by the Germans before the war is on the north. The island is sparsely populated by the Papuans, most of whom are merely one remove from barbarism. Their capacity to absorb foreign goods practically is negligible, the small amount of imports being limited only to cotton piece goods, American steel, iron and machinery. The exports comprise copra, copper, timber, sisal hemp, pearls, gold, rubber and sandalwood. Lumbering might be turned into a flourishing industry, as the valuable timbers are easily accessible to the rivers.

Far Eastern Imports

This comparative table of foreign trade statistics should be read with proper allowance for the fact that a uniform basis of classification is lacking. Some of the figures are necessarily for the calendar year; others are for the fiscal year. The plan proposed by the Bureau of Foreign and Domestic Commerce, to publish our annual trade statistics by calendar instead of fiscal years, would facilitate comparison with figures published by foreign countries.

Into	*From*	*United States*	*Great Britain*	*China*	*Total*
Japan.....	1913	$61,204,180	$69,761,100	$30,511,519	$363,765,591
	1914	48,385,538	40,683,980	46,650,503	301,211,717
	1916	101,733,000	36,461,690	54,319,318	377,079,000
	1917	186,340,304	26,892,140	66,635,518	517,950,553
	1918	273,819,586	.....	113,947,500	834,069,067
		United States	*Great Britain*	*Japan*	*Total*
Philippine Islands.	1913	$25,384,793	$5,086,038	$2,574,343	$53,312,786
	1914	27,304,275	4,107,849	3,633,642	48,588,653
	1916	22,862,673	2,566,259	5,745,286	45,496,338
	1917	38,140,152	2,961,236	8,434,139	65,797,031
	1918	52,976,172	3,065,146	7,863,165	98,599,212
China.....	1913	21,326,834	239,690,000	77,330,064	427,992,014
	1914	24,698,734	214,616,303	86,080,157	391,420,032
	1916	25,131,459	182,554,488	96,356,308	427,739,918
	1917	40,292,059	211,747,008	159,195,265	566,004,337
	1918	52,570,579	.....	161,791,000	.....
British India	1913	15,108,956	321,365,924	14,936,707	584,465,452
	1914	15,625,195	310,877,005	15,507,913	507,951,461
	1916	22,537,000	264,758,299	23,000,000	474,111,462
	1917	36,000,000	295,666,845	42,000,000	480,839,549
Straits Settlements.	1913	3,606,901	30,074,810	7,323,490	272,320,711
	1914	4,184,674	23,806,990	4,564,908	222,299,933
	1916	4,585,231	26,402,584	9,229,437	307,988,900
	1917	7,734,439	23,049,004	14,011,779	367,143,000
Dutch East Indies.	1913	3,151,693	31,552,730	2,514,343	176,000,000
	1914	3,676,895	2,575,956	.....	171,765,722
	1916	7,401,026	40,864,170	8,709,273	181,103,981
	1917	21,139,305	35,667,880	18,122,670	.....
Siam.....	1913	485,058	6,586,304	1,075,656	27,927,667
	1914	836,870	4,932,374	777,339	33,906,566
	1916	774,956	6,327,919	1,055,533	31,819,376
	1917	1,051,586	6,079,415	1,103,814	33,582,000

Far Eastern Exports

The chief feature emphasized by these tables is the remarkable growth of our foreign commerce. In 1913 our total trade amounted to $4,278,892,383; in 1918, $9,181,497,277. Our exports to Asia leaped from $115,056,620 in 1913 to $458,937,775 in 1918. In the same years the imports soared from $276,494,777 to $853,443,245. These columns disclose just what portion of the trade was captured by the individual countries of the Orient.

From	*To*	*United States*	*Great Britain*	*China*	*Total*
Japan.....	1913	$92,236,691	$21,364,690	$77,330,064	$428,457,672
	1914	98,269,504	20,991,350	86,080,157	309,134,196
	1916	169,126,000	60,845,780	96,356,308	556,697,000
	1917	253,669,709	74,554,830	159,195,265	802,000,000
	1918	301,919,771	.....	161,791,000	981,350,129
		United States	*Great Britain*	*Japan*	*Total*
Philippine Islands.	1913	$21,010,248	$10,629,992	$3,823,916	$47,772,956
	1914	18,162,312	7,852,339	2,993,845	48,689,634
	1916	35,648,133	12,434,261	4,732,125	69,937,183
	1917	62,384,641	10,305,085	7,668,888	95,604,307
	1918	85,935,220	15,666,764	10,660,672	135,682,536
China.....	1913	39,010,800	108,338,000	30,511,519	294,413,038
	1914	39,382,978	87,412,441	46,650,503	238,671,841
	1916	71,655,045	127,892,994	54,319,318	399,072,543
	1917	125,106,020	144,771,359	66,635,518	472,190,262
	1918	110,970,969	.....	113,947,500	.....
British India	1913	116,220,591	225,807,806	67,370,806	797,115,878
	1914	111,903,527	210,953,898	73,613,923	687,871,841
	1916	68,609,000	302,763,553	89,732,296	728,804,590
	1917	101,057,067	315,745,595	111,970,652	727,471,231
Straits Settlements.	1913	35,712,185	52,329,460	3,077,129	220,912,072
	1914	26,307,860	48,581,843	2,045,365	188,783,579
	1916	82,114,598	53,165,459	5,368,590	279,715,062
	1917	127,562,633	78,132,480	7,525,064	.....
Dutch East Indies.	1913	6,221,954	19,066,050	18,694,628	249,400,000
	1914	5,334,361	1,271,928	.....	273,822,000
	1916	27,716,589	92,052,740	7,114,014	352,301,860
	1917	62,011,236	82,940,970	8,666,550	354,023,000
Siam.....	1913	116,565	2,513,830	96,188	30,032,622
	1914	146,545	3,965,733	220,097	43,142,945
	1916	237,250	5,488,131	1,474,504	43,152,234
	1917	149,162	6,300,328	2,176,400	47,482,165

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